FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,958 Thursday June 19 1986 D 8523 B

Why Silva Herzog ran out of borrowed time, Page 4

World news | Business summary

Bonn split over tough police powers

West Germany's ruling coalition is sharply divided on whether to bring in immediate and tough new measures to increase the powers of the police in order to curb the renewed anarchist violence which has disfigured anti-nuclear demonstrations in the country in recent weeks.

The strongest pressure for such action has come from the right, notably from Franz Josef Strauss, leader of the Bavarian-based CSU.

The Interior Ministry, run by his party colleague, Friedrich Zimmermann, claims that the total of hard core rioters suspected of links with far left terrorist organisations is now between 2,000 and 3,000, compared with only 500 until lately. Page 14

Shevardnadze visit

Soviet Foreign Minister Eduard Shevardnadze is to visit Britain on July 14-15, Sir Geoffrey Howe, British Foreign Secretary said, as he made his strongest appeal yet to the US not to abandon Salt 2 limits.

Soviet plan

The next five-year plan (1986-90), which determines the shape of the Soviet economy, was presented to the Soviet parliament for formal endorsement. Page 3

Gulf war attacks

Iran said its forces attacked Iraq through the Majnoon islands on the southern Gulf war front, causing 150 Iraqi casualties. Iraq said dozens of its aircraft launched destructive attacks on several western Iranian oil installations and that one aircraft was lost.

Probe promised

Israel's oew Attorney-General Yosef Harish promised to investigate the conduct of the Shin Bet security services during a 1984 bus hijacking in which two Palestinian guerrillas were killed after their capture. Bank share scandal, Page 5

Kuwait blaze

Two blasts at Kuwait's main oil refinery set off a huge blaze. The country's Prime Minister, Sheikh Saad al-Abdulla al-Sabah, pointed to sabotage as tha cause, referring to "criminal acts."

Heroin seized

Drug officials seized 200 kg of heroin bound for Europe and arrested three people carrying it, the Pakistan Narcotics Control Board said. A spokesman said the heroin had a street value in Europe of about $50m.

Trial ordered

Turin magistrates ordered 141 alleged Mafia gangsters to stand trial on charges connected with drug trafficking and murder between 1979 and 1983, judicial sources said.

Aid ban call

Environment and human rights groups called on donor nations to withhold up to $750m sought by Indonesia for a programme to move millions of people to sparsely populated regions.

Cabinet peace plan

Sri Lanka's cabinet approved a peace plan aimed at resolving the island's ethnic conflict which has cost more than 3,000 lives in the past three years. Page 5

Threat recedes

Chances of an early general election over defence in Denmark receded after leaders of the main opposition Social Democrat party ruled out parliamentary moves to ban nuclear weapons in wartime.

Borges buried

Argentine writer Jorge Luis Borges, who died in Geneva last weekend aged 86, was buried there in the Plainpalais cemetery.

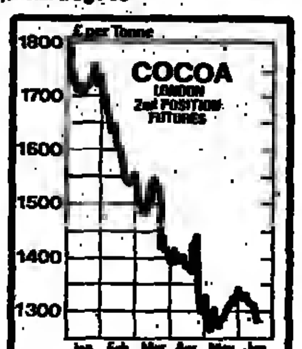
VW plans for Seat expansion confirmed

VOLKSWAGEN confirmed plans to build a new plant for Seat, the Spanish group in which it has taken a 51 per cent stake, as part of a $3bn investment programme. Page 15

WALL STREET: At 3pm the Dow Jones industrial average was 7.44 lower at 1,858.34. Page 38

TOKYO staged a late rally, and the Nikkei market average advanced 101.16 to 17,177.07 on volume of 900m shares. Page 38

LONDON was buoyed by banks, and the FT Ordinary index rose for the fifth day with a 13.9 gain to 1,340.1. Page 38



COCOA prices fell on the London futures market for the eighth successive trading day after reports of new crop sales by the Ivory Coast. The September position's £9 fall to £1,285.50 a tonne took the fall for the past two weeks to £79.50. Page 30

DOLLAR remained unchanged in London at DM 2.2405 and SFr 1.85. It rose to FFr 7.145 (FFr 7.14) but fell to Y167.6 (Y167.75). On Bank of England figures the dollar's index rose to 116.1 from 115. Page 31

STERLING fell in London to close at $1.5005. It also fell to DM 3.3625 (DM 3.3650), SFr 2.7750 (SFr 2.7775), Y251.5 (Y251.75) but was unchanged at FFr 10.72. The pound's exchange rate was unchanged at 75.6. Page 31

GOLD rose $2.50 to $339.25 on the London bullion market. It also rose in Zurich to $339 from $337. Page 30

SAAB-SCANIA, Swedish motor and aerospace group, increased sales by 11 per cent in the first four months of 1986 to SKr 11.42bn ($1.6bn) but profits were virtually unchanged at just over SKr 1bn. Page 15

BRAZIL'S opposition appears to be softening to the inclusion of services in trade in the next General Agreement on Tariffs and Trade negotiating round. Page 6

RESORTS International, US casino and property group, will take a $50m second-quarter charge to cover the writedown of assets, including a number of seaplanes and a 11 per cent stake in Pan Am. Page 15

SOCIÉTÉ Générale, third largest French bank, has denied covering up losses of FFr 2.6bn ($364m) in recent years caused by bad debts in Brazil and Singapore. Page 15

NOKIA, Finland's largest privately owned company with interests in electronics, cable, forests and rubber industries, has reported a five-fold increase in profits. Page 15

KUONI, Swiss travel agency group owned by Swissair, is to expand its activities in the international hotel sector. Page 15

SONY, Japanese consumer electronic group reported group net profits in the first half to April down 7.9 per cent to Y35.09bn ($210m) on sales up 1.8 per cent at Y691.92. Page 16

PHILIPS, the Dutch electronics group, is launching a joint venture with Gold Peak industries of Hong Kong to produce and market car audio equipment for the Far East. Page 6

FRANCE registered a foreign trade deficit of FFr 2.07bn ($290m) last month following a shortfall of FFr 4.8bn for April, bringing the deficit for the first five months of the year to FFr 6bn, according to seasonally adjusted figures published by the Finance Ministry. Page 3

Pressure mounts for sanctions against Pretoria

BY ANTHONY ROBINSON IN JOHANNESBURG AND STEWART-FLEMING IN WASHINGTON

INTERNATIONAL pressure for economic sanctions against South Africa continued to mount yesterday as further evidence emerged of the scale of police operations in the republic since emergency powers were introduced last week.

The measures were taken in advance of planned country-wide demonstrations to mark the tenth anniversary of the Soweto uprising on June 16 1976.

"Thousands" of people were being held in detention, Mr Ray Swart, a white opposition MP, said in Parliament in Cape Town, while the state Bureau for Information announced that three blacks had died in unrest on Tuesday.

According to official figures, 45 have been killed since the state of emergency was declared on June 12, a daily fatality rate which has doubled since the tough new laws came into effect.

Several hundred black workers at supermarkets in Johannesburg stopped work yesterday at intervals during the day to protest against the detentions, which were condemned by Mr Tony Bloom, chairman of South Africa's Premier Group.

In a telex to Mr Pieter du Plessis, the Minister of Manpower, and Mr Louis Le Grange, the Minister of Law and Order, Mr Bloom said: "It is deeply disturbing to us ... that so many of the leaders of the union movement have been arrested and placed in detention without trial."

Copies of last Friday's Financial Times appeared on Johannesburg hotel newstands yesterday with the first six paragraphs of the front-page story on the impositon on the state of emergency and the first 20 lines of the editorial-page feature story blacked out. Yesterday's Sowetan newspaper, read mainly by blacks, carried a large blank space on its front page, and the late edition of the Johannesburg Evening Star left several blank spaces to highlight the degree of censorship imposed by the emergency regulations.

"These are the people with whom South African management will have to negotiate, and a surer formula for conflict would be harder to devise," said Mr Bloom.

Despite these developments the rand strengthened yesterday following the government's announcement on Tuesday of a package to stimulate the economy. It gained a further two US cents to close at 42.50 cents, a gain of almost 20 per cent since last week. Fears of violence on June 16 had depressed the currency.

In Washington yesterday, the House of Representatives began debate on new legislation which would impose punitive sanctions on South Africa, amid signs of a hardening of attitudes towards Pretoria on Capitol Hill.

Senator Richard Lugar, the powerful chairman of the Senate Foreign Relations Committee, and a man who a week ago was strongly endorsing the Administration's position questioning the effectiveness of further sanctions, has warned that further US sanctions might be necessary to show American opposition to apartheid and "tha madness" of government repression.

"I do not think anybody ought to be deceived that we are going to need to act," Senator Lugar said. "The thought (that) we are not precisely certain what course is best ought not to suggest therefore thet inactivity will follow."

Officials familiar with Senator Lugar's thinking said yesterday that the senator's comments on Tuesday night did not mean he had changed his views about the likely effectiveness of economic sanctions

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Mexico likely to press for debt concessions

BY DAVID GARDNER IN MEXICO CITY

MEXICO is expected to force the pace in its search for concessions from the creditors of its $97bn foreign debt, following the resignation of Mr Jesus Silva Herzog, the Finance Minister, on Tuesday night.

An initial delay is expected in resuming talks with the International Monetary Fund (IMF) and Mexico's commercial bank creditors while Mr Gustavo Petricioli, the new minister, takes over and organises his team. But thereafter, Mexican officials say, "the ball is in our court and we are going to play a much harder game."

Mr Silva Herzog's departure has caused some dismay among Mexico's financial establishment. Nevertheless, it is recognised that the Finance Minister's gradualist approach to negotiating a flexible new economic programme with the IMF and concessions from the banks had failed.

The collapse in oil prices will cost Mexico about $8bn in lost revenue this year. It is fast running out of foreign exchange to keep servicing its debt and domestic resources to finance a budget deficit which will be more than double the pre-oil shock target.

As one senior financial official put it, "We had to throw the skipper of the boat overboard to show the sharks that we mean business."

Only one Treasury official has so far resigned with Mr Silva Herzog – his spokesman Mr Rafael Resendiz. Speculation continued about other possible resignations, both at the Treasury and the Bank of Mexico, with Mr Francisco Suarez Davila, the Deputy Finance Minister, thought to be the most likely to go.

Mr Petricioli, who has nearly 40 years' experience at the Bank of Mexico, the Treasury and latterly as the head of the state development bank, is described as a shrewd negotiator.

To be successful, officials remark he will need to be seen to win concessions from the banks which will alleviate Mexico's debt service burden. He will also need to be seen to be part of a team which is directing policy, and not turning over the running of Mexico's economy to the IMF and the banks.

The prospects of a deal with the IMF are now uncertain, particularly since, according to some officials, Mr Silva Herzog's suggested package was rejected by his colleagues. Mexico is holding out for any agreed target on lowering its budget deficit to be moved to the end of next year.

Some officials argue that it is no longer in Mexico's interest to keep servicing its foreign debt punctually while conventional negotiations yield no satisfaction. Furthermore, given that the Government has taken the decision to hold international reserves at a minimum threshold – thought to be not much below their current liquid level of about $2.5bn – Mexico will soon run into arrears.

The form in which Mexico does this is still expected to be conciliatory.

Details and analysis, Page 4

Willots may sell Boussac stake

BY DAVID MARSH IN PARIS

THE FOUR Willot brothers who took over France's Boussac Saint-Freres textile group in 1978 look likely to sell their shareholding for about FFr 400m ($56m), paving the way for the Ferinel property company to increase its controlling stake in the group.

An offer to buy the Willot brothers' remaining 16 per cent stake in the Agache-Willot holding group which controls Boussac has just been launched by Mr Bernard Arnault, chairman of Boussac, who at the head of Ferinel emerged as the new controlling figure at the textile group at the end of 1984.

The offer is designed to increase Ferinel's stake in Agache-Willot to 28 per cent from 12 per cent.

The offer brings down the curtain on the Lille-based Willot brothers' long-running involvement in Boussac's affairs, and closes a chapter in one of France's most tortuous bankruptcy cases.

The four Willots – Jean-Pierre, Antoine, Regis and Bernard – have become almost legendary examples of the less attractive face of Gallic capitalism. Jean-Pierre, the financier of the family, was given a one-year prison sentence in June last year after being found guilty of charges of illegal fund transfers during the build-up of the Agache-Willot textile and retailing empire. Punishment was, however, reduced on appeal last month to a suspended one-year sentence, with associated fines reduced from FFr 2.5m to FFr 1m.

The divestment of the Willots' stake at a price of around FFr 760 a share for 520,000 shares brings an ironic end to their involvement with the Boussac group built up over decades by Mr Marcel Boussac, France's "Cotton King" who died in 1980 at the age of 90.

Boussac was placed in the hands of receivers in June 1981, a month after the election of President François Mitterrand, representing what was up to the collapse of Creusot-Loire in 1984, France's biggest bankruptcy.

In a statement echoing the emotions of the time, and which now appears incongruous given the Willots' likely handsome cash settlement, Mr Pierre Dreyfus, the Socialists' Industry Minister in June 1981, promised that the Willots would be made to "cough up" for the considerabla debts owed by Boussac.

The restructuring plan agreed in December 1984 centred on Ferinel taking over management control and putting into effect a FFr 400m capital increase for Agache-Willot, which has since been carried out. Other major shareholders of the newly structured Agache-Willot group – which is to change its name to Financière Willot later this month – are the Worms financial group, holding companies in the Elf and Total oil concerns and the Lazards banking house.

Brussels ready to take legal action on air fares

By Quentin Peel in Luxembourg

THE EUROPEAN Commission is set to begin legal action against virtually all the major national airlines in the EEC for alleged infringement of free competition – unless the member states make a major move today towards their own liberalisation of air transport.

Letters setting out the accusations on fixing fares and sharing route capacity are drafted and ready to be sent as the first step of a formal process which could end with the airlines being taken to national and European courts.

The Commission decided yesterday that it would go ahead with tha action, proposed by Mr Peter Sutherland, the Competitioo Commissioner, unless transport ministers make significant progress today in approving a package of measures for ceutious deregulation.

Mr Sutherland had urged that the letters be sent out before the transport ministers' council meeting in Luxembourg, but the Commission was persuaded by Mr Stanley Clinton Davis, wbose air transport proposals are also on the table, to wait another 24 hours.

The Commission action follows the recent judgment of the European Court on the case of Nouvelles Frontières, a French travel operator, which concluded that EEC competition rules do apply to air transport. The court implied that both the Commission and the member states had been failing in their duty to uphold the Treaty of Rome.

The air transport package before the ministers today suggests a programme of "controlled liberalisation" intended to open up air routes to wider competition while protecting the airlines from outright deregulation, "predatory" pricing and declining safety standards.

It proposes an arbitration system between member states on proposed air fares – which would prevent any individual country from vetoing a cheap fare – and maximum guaranteed capacity levels of 25 per cent for a national airline on any particular national route.

The Commission's charges against the airlines involve the three areas of:

- Co-ordinated fixing of fares
- Agreed sharing of capacity oo routes
- Revenue pooling on shared routes.

The letters to be sent set out the accusations and suggest that the airlines comply with the Commission's proposals for liberalisation.

The EEC transport ministers have hitherto made very slow progress in agreeing on liberalisation

Bonn orders DM 1bn spending cut

BY RUPERT CORNWELL IN BONN

MR GERHARD STOLTENBERG, the West German Finance Minister, yesterday ordered across-the-board spending cuts affecting all government departments, aimed at saving DM 1bn ($447m) in 1986.

The unexpected move, the importance of which is political at least as much as financial, reflects stagnating tax revenues and unexpectedly large extra farm outlays. It will affect current administrative expenditure, to be reduced by 2 per cent, and a variety of minor domestic subsidies, which will be slashed by 8 per cent.

Federal investment spending and subsidies to which the Government is bound by law or by international agreement will not be affected.

A ministry spokesman said last nigbt that the move was essential if central government expenditure was to be kept within tha 1986 budget ceiling of DM 263.5bn, representing an increase of just 2.4 per cent on the previous year. Tax receipts last month were running only 1.9 per cent above the level of 1985, compared with a budgeted growth of 2.7 per cent.

Above all, bowever, the measures are to be seen as Mr Stoltenberg's answer to the extra subsidies granted – in the teeth of resistance from himself – to West Germany's disgruntled farmers to compensate for cuts in income, first as a result of agreements on EEC agricultural prices, and then in the wake of the Chernobyl nuclear disaster.

The Government's alacrity in granting this aid was spurred by its anxiety to sweeten its natural constituency of the farming vote, whose possible loss could have had a decisive bearing on the crucial Lower Saxony state election last Sunday.

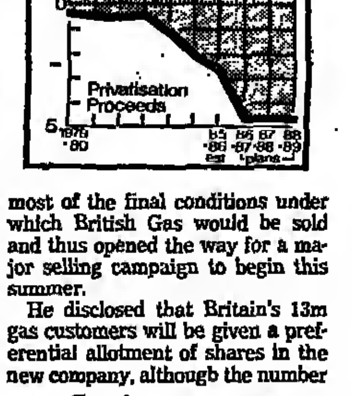
In the event the ruling Christian Democrats clung to power, albeit by a single seat, and Mr Stoltenberg could take his revenge on spendthrift colleagues – and maintain his unbending commitment to fiscal orthodoxy and a steadily diminishing public sector deficit. Assuming the latest therapy works, the public sector borrowing requirement should be held at around the 1985 level of DM 25bn, despite DM 11bn of tax cuts which take effect this year.

Moreover, by ordering the cut now, Mr Stoltenberg has spared both himself and his Government the embarrassment of a possible supplementary budget this autumn, just when the campaign for the Bundestag election of next January 25 will be getting into full swing.

A supplementary budget would have given the opposition Social Democrats, who are struggling to elaborate a credible economic strategy of their own, a heaven-sent opportunity to mock both the Government and Mr Stoltenberg, whose high pnblic esteem stems from his success in returning the national finances to order.

UK details gas sell-off incentives

By Max Wilkinson in London



THE UK Government yesterday outlined ambitious plans for a huge popular shareholding in British Gas when it is floated off as a private company in November.

Mr Peter Walker, the Energy Secretary, also gave details of a distribution of shares to gas employees which will be much the most generous of any privatisatioo so far.

The launching of British Gas onto the stock market will be easily the most ambitious project in the Government's privatisation programme which started in 1979. Britisb Gas is expected to raise around half as much again as the £3.9bn ($5.8bn) proceeds of the sale of 50.2 per cent of British Telecom in November 1984.

Yesterday Mr Walker spelled out most of the final conditions under which British Gas would be sold and thus opened the way for a major selling campaign to begin this summer.

He disclosed that Britain's 13m gas customers will be given a preferential allotment of shares in the new company, althougb the number

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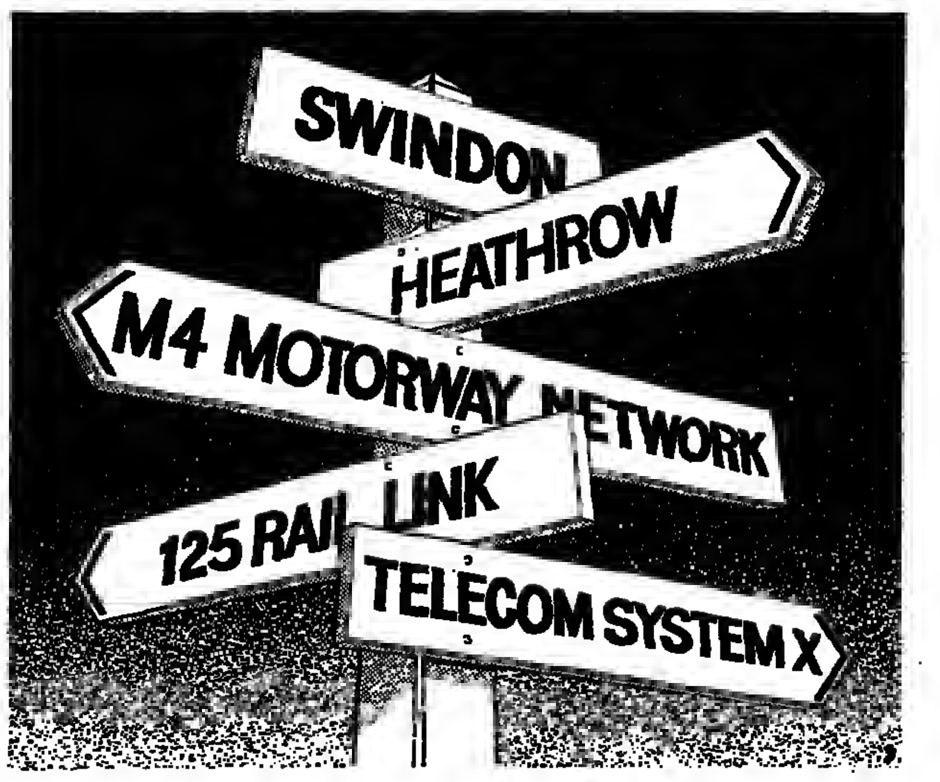

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EUROPEAN NEWS

David Marsh examines efforts towards safer disposal of hazardous materials

West tightens up on toxic waste

INDUSTRIALISED countries have taken a further step towards introducing tough international rules to improve safety over transport and disposal of hazardous waste produced by the world's chemical, oil and manufacturing industries.

Companies generate about 300m tonnes of dangerous waste annually, with increasing amounts crossing international borders. Many experts consider that this constitutes a potential risk to health far greater than that posed by the much smaller amounts of nuclear waste transported around industrialised countries.

Experts meeting at the Organisation for Economic Co-operation and Development (OECD) have agreed to work towards new rules designed to control transport of waste outside the industrialised nations towards new depositaries being opend up, above all in East bloc countries.

Workmen in protective clothing start to clear the contaminated chemical plant after the Seveso disaster in 1976.

Control and notification procedures for waste transported within EEC countries are already being tightened up. This is a result of three years of efforts to close loopholes which were exposed by the dumping of dioxin waste in unclassified sites in Europe following the Seveso explosion in Italy in July. 1976.

The Community has agreed in principle on standard documents to be filled in by companies transporting waste, which have to be sent in advance to importing countries. However, the system has not yet been brought into operation.

At a meeting in Paris last week, the 24-nation OECD council took a step towards enlarging the range of these measures to importing countries outside the OECD.

Officials hope that an improved notification and regulatory system for non-OECD countries can be included in a draft international agreement on hazardous waste to be drawn up by the end of 1987. This agreement could then be turned into an international convention whose signatories would include East bloc and developing countries, to be worked out perhaps under the auspices of the United Nations.

One official close to last week's talks says the wording of the latest OECD agreement was tougher than expected. "It's a very clear signal on the part of industrialised countries that they're willing to spend money, time and resources to ensure that these wastes are not exported without careful scrutiny into countries which have not developed the structure and expertise to handle properly hazardous wastes and to dispose of them in an environmentally sound manner," the official said.

The scale of the problem is underlined by the OECD's estimate that a cargo of hazardous waste crosses a national frontier once every five minutes. About 100,000 border crossings, comprising 2.2m tonnes of waste, occur in Europe every year, while more than 5,000 take place in North America, mainly as a result of shipments to Canada and Mexico from the US.

Concern over trans-border shipments adds to general worries in industrialised countries over controlling and clearing improperly managed sites, including those left in a dangerous state by companies which have gone out of business.

About 2,000 sites in West Germany, for example, are estimated to require remedial action. The annual cost per head of looking after such sites is put at $40 in the US and $10 in the Netherlands.

Within Europe, officials estimate that 700,000 to 800,000 tonnes of waste is transported annually from West to East, more than half of which is sent to the huge waste depositary opened in the early 1980s at Schoenberg near the north coast of East Germany.

The opening of Schoenberg has led to a doubling of cross-border waste transport in Europe since 1982, OECD officials estimate. There have been reports that more East bloc dumps – including one in Romania – are under preparation, partly in response to these countries' desire to earn foreign exchange by providing low-cost depositaries. Rumours also circulate of Third World nations, above all in Africa, offering sites.

The intended notification system to be brought in for shipments outside the OECD would provide information on waste shipments to governments in the exporting, importing and transit countries. This would give the authorities the possibility of prohibiting transport to sites deemed not to fulfil appropriate safety standards, and would also clamp down on illicit "waste-trafficking" by unscrupulous middlemen, officials say.

Industry warned in Yugoslavia

By Aleksandar Lebl in Belgrade

THE NEW Yugoslav Government is threatening domestic manufacturers with an increase in competitively-priced imports to get them to reduce the growth in local prices which has boosted Yugoslav inflation to an annual pace of around 80 per cent.

The warning that the Government is willing to risk an increase in the country's trade deficit in order to achieve the greater goal of curbing Yugoslave hyper-inflation was given this week by Mr Nenad Krekic, the Trade Minister.

European venture capital 'grew by 41% last year'

BY WILLIAM DAWKINS IN LONDON

THE AVAILABILITY of venture capital in Europe is booming, but risk investors are showing a growing preference for backing established companies, suggests a survey to be published today.

The study, compiled by Peat Marwick, the British accountancy firm, shows that the amount of risk equity in Europe grew last year by 41 per cent to an estimated total of Ecu 5.7bn ($5.5bn), up from Ecu 4bn.

This is the first year-on-year comparison of European venture capital trends and confirms that unquoted company investment is growing across the community.

Britain, as in the association's first survey last year, represents the largest venture capital industry in Europe with a 43 per cent share of the total. The Netherlands comes second with 18 per cent, followed by France with 14 per cent and West Germany with 9 per cent of European venture capital funds.

Italy has the fastest growing venture capital scene, more than doubling fund-raising by risk investment groups and in venture investment.

FINANCIAL TIMES

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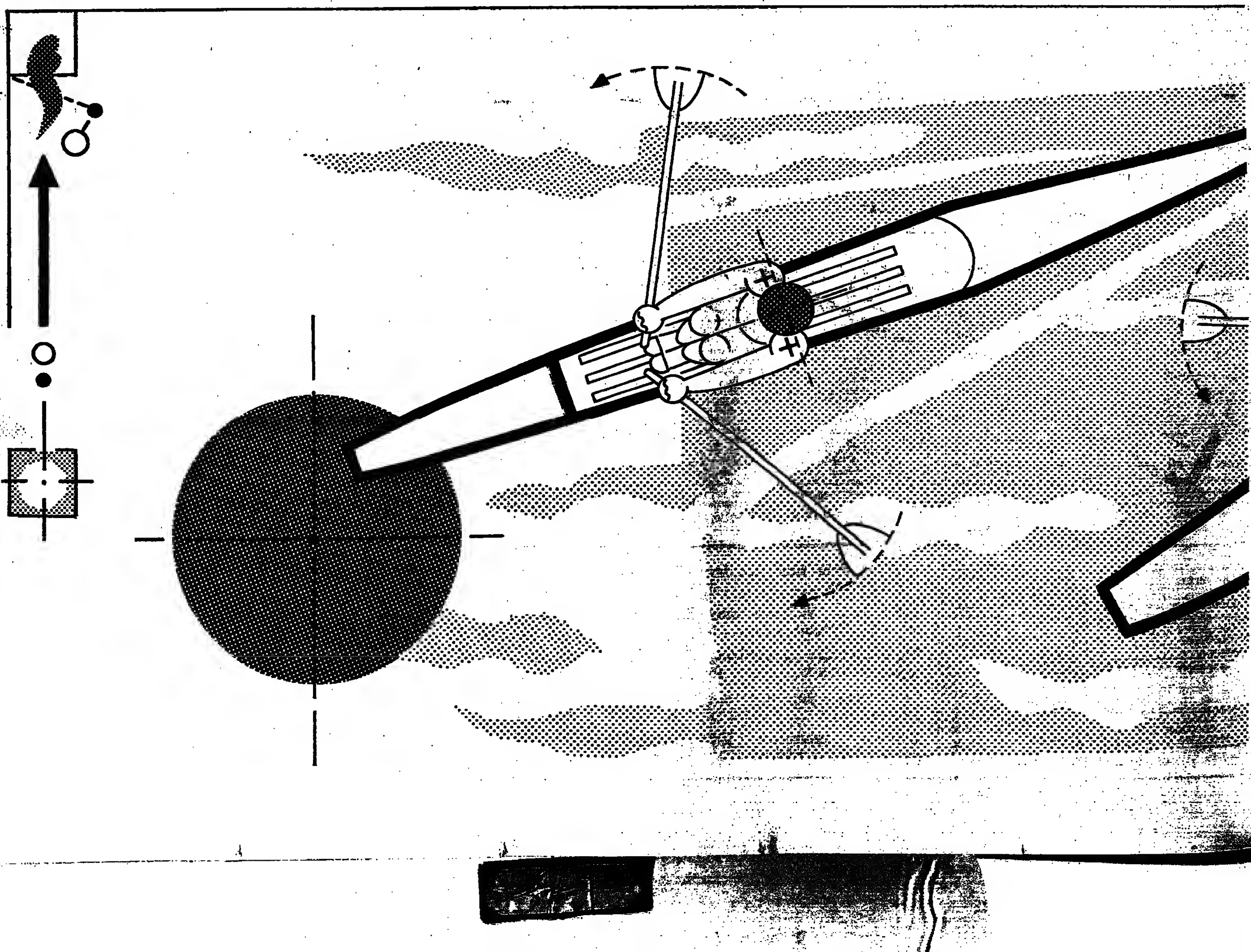
SOMETIMES IT TAKES



Commission to press for more open public purchasing

BY TIM DICKSON IN BRUSSELS

THE EUROPEAN Commission yesterday signalled its determination to promote greater competition within Europe's Ecu 200bn (£128bn) a year public purchasing market.

Over the years the EEC has had little success in persuading governments and other public sector agencies to consider tenders from companies outside their immediate national or even regional boundaries.

EEC directives dating back to 1971 require Community-wide advertising of public sector contracts but 15 years after the first ones were issued only a tiny proportion of this sort of business actually crosses state frontiers.

As part of its efforts tn create a more effective EEC market, bowever, the Commission now intends, as a matter of urgency:

● To step up its enforcement procedures, if necessary taking national governments or other agencies to the European Court if it is felt that particular contracts have not been awarded on a compeitive basis. Action, for example, could soon be taken for the first time in this way under Article 90 of the Treaty of Rome.

● To open up sectors which have up to now been excluded. Moves have already been made in the telecommunications field but despite legal complexities in the past the Commission's scrutiny in future is likely to be extended to transport, water and energy authorities.

● Encourage egencies to play by the rules and find ways of preventing local or national industrial interests applying undue influence over purchasing decisions.

● Improve the way in which information on contracts is mada available. At the moment details are published in the Official Journal of the Europaan Community—hardly a best seller at the best of times—in e way considered by some to be more confusing than belpful.

Ideas in future could include encouraging agencies to publish ontline details of their purchasing programmes in the years ahead and increasing the threshold abova which contract details have to be advertised. The Commission points out that companies in one member state are unlikely to be interested in tendering for relatively small amounts of business.

Compensation for victims of terrorism considered

HOLIDAYMAKERS who become victims of terrorists could receive cash compensation if an idea being considered in the European Commission is agreed, Agencies report.

The move follows a drastic slump in the numbers of American visitors following Washington's bombing raid on Libya and tbe present Eta offensive in Spanisb boliday resorts.

Mr Carlo Ripa de Meana, an EEC Commissioner, said yesterday thot be wanted to restore Europe's image as a "safe and attractive" destination and would soon be producing proposals following a request from EEC foreign ministers.

After talks at Commission headquarters in Brussels yesterday, Mr Edward McMillan-Scott, the European Parliament's spokesman on tourism, said: "A compensation scheme covering tbe whole Community must be the centre of any new initiative to reassure tourists. That suggestion was well-received at the Commission."

Only four EEC countries—Britain, Ireland, West Germany and France—have criminal injuries compensation schemes. The Commission is already looking into the case of four British holidaymakers who were injured in a grenade attack on their Athens hotel last year. The Hunter and Smith families from Scunthorpe are seeking compensation from the Greek Government for personal injuries and loss of earnings.

"If an EEC-wide scheme was in force, it would ease the headaches for anyone unlucky enough to be caught up in terrorist attacks. It has to be said that the chances are very remote, but the time is now ripe for common action to reassure everyone," said Mr McMillan-Scott.

Achille Lauro trial begins

THE TRIAL of 14 men charged in the hijacking of the Achille Lauro, the killing of a crippled American passenger and in the hostage-taking of more than 300 people opened yesterday in a Genoa courtroom, AP reports from Genoa.

The PLO leader wbo allegedly plotted the crime, Mr Mohammed Abbas, one of the key defendants, was a fugitive and was being tried in absentia.

In all, 15 defendants will be tried. Of them, 14 are charged with the hijacking of the Italian liner last October 7, the murder of Mr Leon Klinghoffer, a 69-year-old wheelchair-bound New Yorker, and with holding hostage the 194 passengers and the 189 crew members who were on ship during a port call to Egypt when it was seized.

Under Italian law accomplices to a crime can face the same charges as those accused of the actual crime.

About two bours into session, two men and two women stood up in the courtroom and shouted in English "we are for the Palestinian revolution." Some 30 policemen rushed over and dragged them out of the courtroom. Police said the four were West Germans and that they were being held for questioning.

Two other defendants in the case were accused of playing minor support roles and originally ordered to stand trial, but Judge Lino Monteverde ordered them dropped from the trial for lack of evidence.

The prosecution request that a Greek man be added to tha list of those on trial brought the total of defendants up to 15 by the time the trial was adjourned for the day in mid-afternoon.

Only five defendants were in court when the judge read the long list of charges, all are charged with acting for terrorist ends, which could mean life sentences if the accused are convicted. Then followed a lengthy translation in Arabic.

The fourth alleged hijacker, Mr Bassam Al-Ashker, who was 17 years old when the ship was seized, will bo tried later by a juvenila court.

Moscow plans 4.1% annual growth

BY DAVID WHITE IN MADRID

MR NIKOLAI RYZHKOV, the Soviet Prime Minister, said the next five-year plan (1986-90) would be for an annual growth rete of national income of 4.1 per cent and of investment by 4.3 per cent. Both figures are higher than in the last five-year plan. The plan was presented to the Soviet parliament yesterday for formal endorsement.

The main theme of the plans, first presented to the Politburo early last year but sent back for redrafting, is heavy investment in new technology and the refurbishment of existing plant. Mr Mikhail Gorbachev, the Soviet leader, has said that be needs at least 4 per cent growth to meet the needs of investment, consumption and defence.

Mr Ryzhkov: advanced forms of relations.

Mr Ryzhkov said that the share of capital in technical re-equipment of plant will rise from 38 per cent in 1985 to 51 per cent in 1990. Obsolete machinery worth 240bn roubles (£218bn) will be written off compared to 110bn roubles worth in the last five-year plan. He said that the Soviet Union wanted to raise the proportion of Soviet machinery of world class standard from 29 per cent today to 80 to 95 per cent in 1995. Both figures look optimistic.

The Prime Minister referred in bis speech to the need for "wide economic relations with developed capitalist countries on the basis of equality and mntual benefit, including new advanced forms of relations." This includes joint ventures, recently brought up by Soviet officials in discussions with Western companies in Moscow, but the shape of sucb co-operation is still unclear, say diplomats.

The overall growth rates for the economy as a wbole and for Investment have been revised upwards since the plan was first drafted. The low investmeot rate in new technologies and existing plant was heavily criticised by Mr Gorbachev in his speecb to the Communist Party Central Committee, the ultimote centre of authority in the Soviet Union, which met before yesterday's session of the Supreme Soviet.

Engineering and energy are both to receive more iovestment but Mr Ryzhkov does not say what parts of the economy will see investment reduced. Agriculture will continue to take one third of investment. He made clear that the food programme of 1982, geared to providing more meat, milk and eggs, will continue to receive priority.

The Supreme Soviet meeting In the Kremlin yesterday elso saw the retirement of the 85-year-old First Vice Presideot, Mr Vasily Kuznetsov, from his largely ceremonial post. He is replaced by Mr Pyotr Demicbev, the Culture Minister, wbo is a non-voting member of the Politburo.

Doubts raised over growth of nuclear power

BY LESLIE COLITT IN BERLIN

THE SOVIET nuclear power sector is one of the most crisis-riddled industries in the country, according to an analysis of Moscow's nuclear power programme by the German Institute of Economic Research (DIW).

The West Berlin-based Institute noted that installed noclear power capacity In the Soviet Union at the eod of 1985 (27,250 Mw) was 30 per cent helow the target. Only 10 per cent of the Soviet Union's electricity last year was generated from nuclear power plants compared with 32 per cent in the European Community.

DIW said Moscow's plan to expand nuclear power capacity by 40,000 MW contributing 20 per cent of total electricity by 1990 bad become even more doubtful after the nuclear accident at Chernobyl.

An expected re-examination of safety precautions ot Soviet nuclear plants was likely to delay further the expansion of nuclear power output the institute said. In order to prevent bottlenecks in electricity production the Sovlet Union is likely to have to allow conveotional power plants scheduled for closure to cootinue operating.

Between 1986 and 1990 conventional power plants with a capacity of 15,000 MW were scheduled to be scrapped. DIW said that if all continued working it would amount to consumption of abont 20m tonnes of oil equivelent up to 1990.

DIW quoted criticism by Mr Nikolai Ryzhkov, the Soviet Prime Minister, damning criticism of the Ministry of Energy at the Soviet porty Congress last February. Mr Ryzhkov said the ministry bad failed to meet its nuclear energy targets thus leading to increased demand for conventional fuels. Such "blunders" he said could not be tolerated in the future in the light of the country's tight fuel situation.

The German institute noted that Soviet policy on electricity consumption was largely "supply oriented." The long range target onnounced in 1984 to the year 2000 provided for a 4 per ceot annual increase in power production. But DIW said Soviet electricity consumption per capits was currently 90 per cent of that of West Germany, olthough the Soviet level of industrial output per capita was less than half. A strict policy of reducing electricity consumption could considerably reduce the need to expand nuclear power output, DIW concluded.

French trade deficit increases

BY DAVID MARSH IN PARIS

FRANCE registered a foreign trade deficit of FFr 2.07bn (£194m) last month following a shortfall of FFr 4.8bn for April. This brings the deficit for the first five months of the year to FFr 6bn; according to seasonally adjusted figures published by the Finance Ministry.

France's mediocre trade showing so far this yeor is due to a sharp fall in its trade surplus in industrial goods. It comes in spita of important savings in the country's energy bill resulting from the lower dollar and oil price.

Mr Michel Noir, the Foreign Trade Minister, has recently been forecasting that France's trade account this year will be no more than In balance, well sbort of earlier forecasts of a FFr 30bn surplus.

One reason for the disappointing trade figures appears to have been an Increasa in stocking from abrood by industry during the first few months of the year.

Figures from the official statistics body Insee yesterday showed a 3 per cent increase in industrial production in April compared with March, partly due to higher electricity prodnction in April caused by unusually cold weother.

Even after the April rise, industrial prodnction has, however, ben flat during the February-April quarter compared with the final three months of 1985.

Irish banks cut interest rates

IRELAND'S two major banks, Allied Irish Bank and Bank of Ireland, yesterday cut their interest rates for the second time in under two months by np to 1.25 per cent, bringing the cost ef overdrafts to prime customers down to 10 per cent, writes Hugh Carnegy in Dublin.

The move followed similar cuts earlier in the week by the smaller Ulster Bank, a subsidiary of NatWest.

Austrian Jews charge Waldheim supporters

LEADERS of Austria's small Jewish community yesterday accused senior Austrian politicians of having used anti-Semitism to drum up support for Dr Kurt Waldheim in tbe presidential election campaign, Patrick Blum writes from Vienna.

Mr Ivan Hacker, the president of the Israelitischen Kultusgemeinde, the largest Jewisb organisation in Vienna, said tbat all Austrian politicel perties had used the issue of anti-Semitism in the campaign which was dominated by allegations that Dr Waldheim, wbo won the election, was implicated in Nazi otrocities In the Balkans during the war. Dr Waldheim has always denied the allegations.

Oslo austerity vote

Norway's parliament has approved to NKr 3.2bn (£280m) ousterity package in the first big test of the country's seven-week-old Labour Government, government officials said yesterday, Reuter writes from Oslo. The final package included Norway's biggest public spending cuts since the Secood World War. The Government failed, bowever, to win support for a 2 per cent personal income tax increase that would have netted an extra $40m.

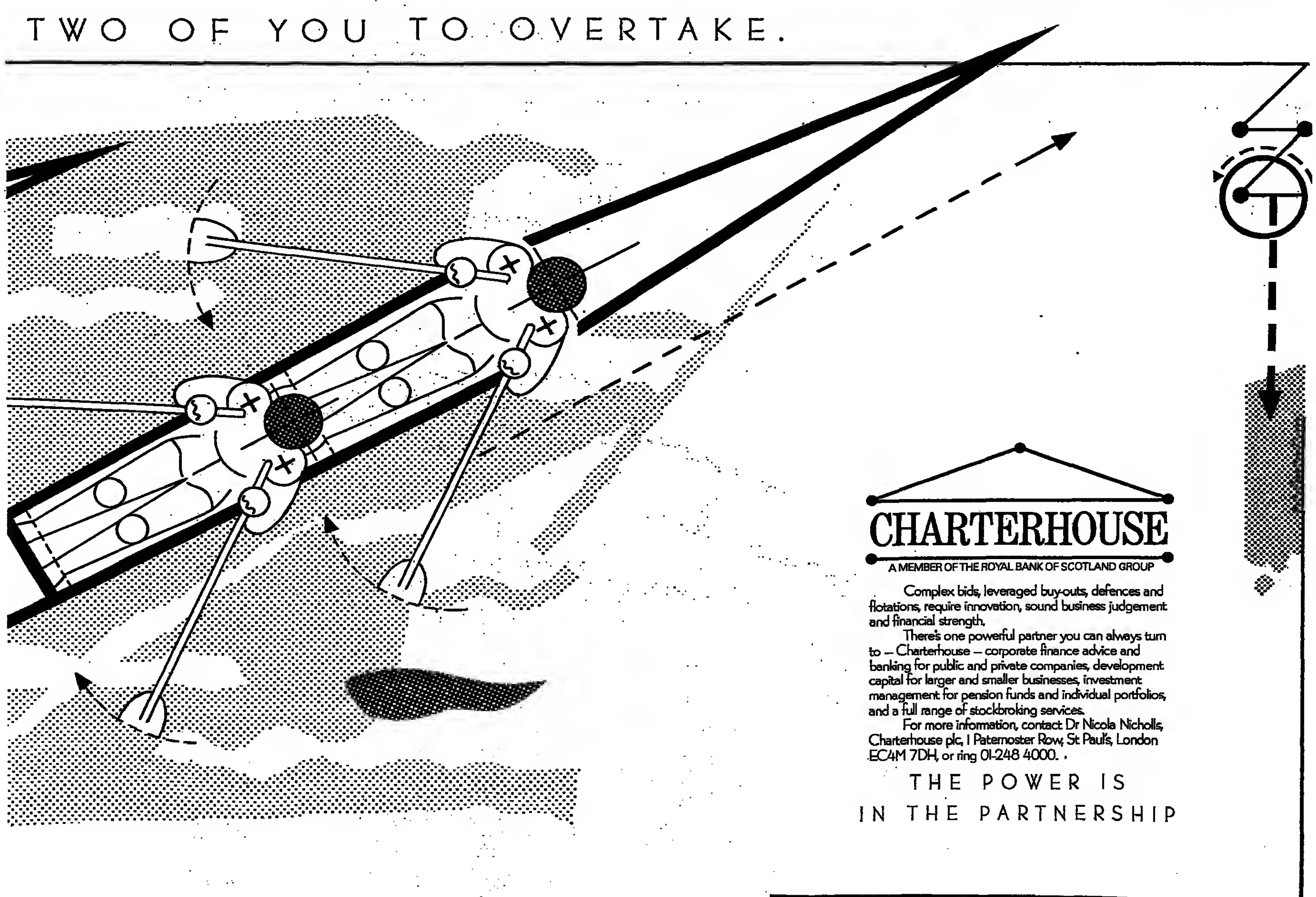
Swiss assets abroad

SWITZERLAND'S net foreign assets fell by some 8.8 per cent last year to about SFr 186bn (£67bn) according to estimates of Union Bank of Switzerland, John Wicks writes from Zurich.

While Swiss assets abroad grew in Swiss-Franc terms by 7.2 per cent to an estimated SFr 488.6bn, foreign liabilities increased by about 20.3 per cent to SFr 302.6bn. The sharp rise in liabilities resulted from a jump from SFr 69bn to some SFr 111bn in the value of Swiss securities in foreign portfolios, the bank claims.
131.6bn.

Bodyguard opens fire

A senior Swedish pollce officer said yesterday an apparent assassination plot on Tuesday against the American ambassador was foiled when a bodyguard opened fire on two gunmen near a lakeside villa where the US envoy was diniog, Reuter reports from Stockholm.



Volcker blames trade deficit for check on growth

BY STEWART FLEMING IN WASHINGTON

MR PAUL VOLCKER, the Federal Reserve Board chairman yesterday rejected the idea thot the US is hovering on the brink of recession. But he conceded that economic growth is still being beld in check by the trade deficit, whicb be suggested has not yet begun to decline.

Mr Volcker's comments, in the course of testimony on the Third World debt situation befora the House of Representatives Foreign Affairs Committee, came aa tbe Commerce Department revised down from 3.7 per cent to 2.9 per cent its earlier projections for the growth of reai gross national product in the first quarter.

Mr Votcker said he attributed the revision mainly to the drog on the economy as a result of the external trade position. "We continue to have serious trade problems," Mr Volcker said, adding that althougb the trade situation bod not yet turned the corner, the recently rising deficit "may be levelling off."

He went on to say thot he hoped the fall in the dollar over the past year would begin to reverse the trend in the trade accounts but edmitted that it migbt take "some considerable time."

Mr Volcker elso gave vent to the mounting frustration, shared by Mr James Baker, the US Treasury Secretary, about the reluctance of some of the US's industriel trading partners to stimulate hteir economies.

Pointing to the risks of relying on dollar revaluation to try to correct the US trade deficit, he said: "I for one do not believe thot relying upon exchange rate changes alone promises a simple and easy solution to the imbalances (in the economies of the industrial countries).

"Other strong countries with little or no inflotion, with excess capacity and historically high unemptoyment and with very strong externat positions should assume more of the leadershin in providing the impetus for world growth," he added.

US equivocates on reply to arms control initiative

BY OUR WASHINGTON CORRESPONDENT

FOREIGN POLICY experts in Washington believe that the Reagan Administration is finding it difficult to reocb o consensus on bow to respond to the latest Soviet arms control offer.

The problems arises partly because of the complexity of the new proposals, but also because of the longstanding divisions within the Administration on negotiating strategies. The experts note that the Administration's reoction to the new Soviet proposals has been delayed, compared with replies to earlier arms control initiatives.

The President may make some comments on the Soviet proposal in a speech be is scheduled to give today at a high school graduation ceremony in Glassboro, New Jersey, the site of the June 1967 meeting between President Lyndon Johnson and Mr Alexei Kosygin, then the Soviet Premier.

The only apparent comment by a top Administration official so far seems to be a claim, quoted in the Los Angeles Times, by Mr Caspar Weinberger, the Secretary of Defence, that the new Soviet proposal is designed "to define SDI (the President'a Strategic Defence Initiative known as Star Wars) out of existence."

Some Administrative officials in Washington are welcoming the Soviet move and linking what they see as evidence of movement in the Soviet position to the tougb line President Reagan took earlier this month over abandoning the Salt II arms control agreement.

Mr Kenneth Adelman, the US arms control director says that this disproves the critics' charge that the US announcement will be the end of arms control.

The new Soviet proposal, tabted at the Geneva orms control talks last week, is being described by some US officials as "a mixed bag," containing elements which point towards potential progress but also ambiguities which other officials fear disguise an attempt to undermine American positions in the talks.

There is uncertainty, for example, about the implications of the Soviet proposal for SDI. Mr Gorbacbev bas said that Star Wars research should be limited "to the level of laboratory tests," a statement which could be interpreted as offering greater scope for the US than before.

Professor sues Weinberger over missiles policy

A STANFORD Unversity computer science professor bas refiled o tawsuit against Mr Caspar Weinberger, the US Defence Secretary.

Claiming a Defence Department "launcb on warning" nuclear weapons policy unconstitutionally risks bis tife, AP reports from San Francisco.

Dr Clifford Johnson filed his suit in the US District Court in San Francisco, seven months after tosing a similar suit. He said he now can prove thot the US bas a policy allowing nuctear missites to be launcbed against the Soviet Union wben computers detect a Soviet attack, without presidential or congressional approval.

"Computers could make errors," Dr Johnson said, adding that the superpowers' launcb on warning policy could produce a nuclear war due to a false alarm. "My tife is in danger as a result of wbot the defendant, Caspar Weinberger, is doing."

He claimed that the policy violates guarantees in the constitution ogainst declaring war without congressional consent, and is seeking a court order to halt it.

Federal oppeals court judges last yeor rejected a separate suit be filed, saying be had not proved that the policy existed.

Tax reform promoters beat off amendments

By Nancy Dunne in Washington

THE SENATE Finance Committee's tax reform package moved closer to final approval yesterday, keeping most of *the original bill* intact but facing one major amendment designed to shift more benefits to the middle class.

The Republican Senate leadership'a success tn beating off amendments during the week has raised expectations that the Senate would complete the passage of the package by the end of the week. The Bill will then go to a House-Senate conference committee where the real horse-trading will begin between Republicans and Democrats.

The most substantive change in the commitiee bill came on Tuesday night wben the Senate voted 80-18 to retain the tax on foreign investment in property. The committee would have removed the tax on the grounds that most US trading partners do not tax US profits on investment, bnt it would have cost an estimated $1.2bn over five years.

Senator Howard Metzenbaum, an Ohio Democrat, successfully urged the Senate to spend the money instead on tax benefits for farmers and more generous medical dednctions for all taxpayers.

At the urging of Senator Bob Packwood, the Finance Committee chairman, the Senate yesterday voted to grant the steel industry $500m-worth of tax credits for new investment to assist its modernisation and belp it compete against imports. It is backed by a 65-29 vote Sen Packwood's warning that "if this industry disappears, then America as a great nation disappears, at least until we find a way to make airplanes out of plastic."

The Senator has successfully held down lts number of amendments introdnced by arguing that even one change would open the floodgates for more. When lt was clear that the Senate was not going for the repeal of the tax on foreign investments, he and other commitiee members joined the majority, asserting that the change would not affect the shape of the original bill.

While not completely understanding that the tax bill virtually wipes ont the long-held notion of graduated income tax, the American pnblic has enthusiastically supported tax reform. The Senate Bill—slashing tax rates from a maximum of 50 per cent to 27 per cent for individuals and from 46 per cent to 33 per cent for corporations — is commonly believed to be more fair than the current system

It was this perception that Senator George Mitchell, a Maine Democrat, faced yesterday, when be introduced I-, amendment to direct more of the tax benefits to the middle class. He warned his colleagues to "beware of any major legislation that is so fragile that it must be rusbed througb the Senate withont change."

The pnblic will have new doubts obont the fairness of the bill, be said, when they learn that "factory workers, nurses and secretaries whose taxable income exceeds $17,600 a year, are in the same tax bracket as those earning $200,000 a year and those earning $2m a year."

With elections looming in the entumn, the argument for saving graduated tax will be revived in the House-Senate conference.

David Gardner reports on the shock resignation of the Finance Minister

Time runs out for Mexico's gradualist

MR JESUS SILVA HERZOG, the Mexican Finance Minister who was replaced without explanation on Tuesday night, had been working on borrowed time sioce the oil price collapse earlier this year hurtled Mexico ioto its second major financial crisis since 1982.

His departure seems designed to send a complex message to creditors focusing oo Mexico's $97bn foreign debt. In essence, this is that the good faith, orthodoxy, and willingness to negotiate shown by the country since the Latin American debt crisis broke four years ago cannot be taken for graoted.

President Miguel de la Madrid said as mnch in a major speech broadcast on February 21. He stated that while Mexico would continue to negotiate flexibly on a sotution to its new cash crisis, it would require concessions from its creditors "at teast equal" to the sacrifices Mexico ttself had made since 1982.

Four months later, facing a toss of $8bn in oil reveoue this year, *Mexico is running ont of* dollars to keep servicing its debt and pesos to finance its ballooning budget deficit.

It has still not been able to reach agreement with the International Monetary Fund (IMF) particularly on the size of tho deficit, and has yet to start substantive negotiations with the banks, who appear to have set their face agaiost any form of debt relief which would imply below market interest rates.

"The banks boven't beeo able to bend their minds around the idea of giving coocessions to Mexico," one observer said yesterday. "They haven't been listening to what the Mexicans have been saying, which sioce February has been remarkably consistent."

The failure of Mr Silva Herzog's gradualist strategy to win the concessions on which the entire Cabioet bas insisted, is the most obvious reason for the Finance Minister's so-called resignation. He has been replaced by Mr Gustavo Petricioli Iturbide, a career finance official who until yesterdey headed Nacional Financiera, the stete development bank.

The switch does not mean that Mexico will necessarily opt for unilateral tactics on its debt problem as Pero hes done. It is, bowever, an unmistakable reminder to Mexico's creditors that, as Mr Silva Herzog said in an interview three weeks ago: "It can no longer be business as usual."

Some Mexican officials argue that the very presence of the urbane Mr Silva ot the head of the Mexican negotiating team, a man with whom tho banks hove been through two conventional debt reschedulings, tended to encourage the opposite impression.

A senior financial official remarked privately three months ago that the banks could either strike a deal with the man they knew, and make sure he looked successful, or face somebody mnch tougher.

Mr Petricioli: tough-minded professional.

Though the changeover represents a hardening of Mexico's existing line on the debt issue, it does not, for the moment, signal changes in domestic economic policy. There *are* no major philosophical differences inside the Cabinet, or for that matter between the Government, the IMF and banks on the need to open np the economy by liberalising trade, slimming the public sector and reducing subsidies, and encouraging foreign invesiment.

The arguments have been ebout the pace of this structural reform, and the need to accommodate it to Mexico's increasingly rigid and unstable political system.

Mr Silva tended to push for faster reform, and to lament oooortunities lost by foot dragging. Some officials say that this week he presented an IMF package to the Cabinet which incorporated more radical and immediate reforms and that this was rejected.

A senior minister, one of Mr *Silva's rivals* in the race to succeed President de lo Madrid in 1988, said privately recently that Mexico bad "reoched the absolute limit of its ability to obsorb tbe oit shock by itself: onr gradualist strategy has just run out of time."

Like Mr Silva, Mr Petricioli has a masters' degree in economics from Yale University and like virtually oll Mexico's senior economic *officials* including the President, he started bis career in the Bank of Mexico.

He moved on to the Treasury, where he became Deputy Finance Minister in 1970-74. Aged 57, he presided over the early expansion of Mexican money markets before moving into the nationalised banking system after the banks were expropriated in 1982.

Though considered to be a tough-minded professional, it is clear Mr Petricioli will not have the political autonomy that Mr Silva had built for himself, and that he will be communicating a more unified position arrived at in Cabinet.

Speculation was rife yesterday about the future of Mr Silva's closest associates, including Mr Miguel Mancera, the Bank of Mexico chief whose rumoured resignation has often been paired with Mr Silva's, and Mr Angel Gurria, Mexico's brilliant young chief debt negotiator.

Mr Silva's chances of becoming the next President now seem tn have evaporated, leaving the field to Mr Alfredo del Mazo, the new Energy Minister, Mr Manuel Bartlett at the Interior Ministry, Mr Mario Ramon Beteta, head of Pemex, the state oil monopoly, or Mr Carlos Salinas, the Planning Minister.

Jostling for position in the Presidential stakes may also have been an additional element in the Finance Minister's demise.

Mr Silva often remarked that Latin America's creditors seemed blithely unaware of the high rate of attrition the debt crisis bas inflicted on the region's Finance Ministers, and indeed it had often seemed that he was a great survivor.

Mexico has just told its creditors that their preferred interlocutor was not, after all, immune.

ELEVEN Mexican left-wing parties, accounting for about 15 per cent of the country's 40m electorate, yesterday announced they would form a joint front to contest the 1988 presidential elections, Renter reports from Mexico City.

Spokesmen for the parties said the time had come for a united attack on the economic policies of the ruling Institutional Revolutionary Party

They also criticised what they said was the lack of political freedom in Mexico and accused the PRI of maintaining its 57-year-old stranglehold on power through electoral fraud.

The charge coincided with an accusation yesterday by arch-conservative US Senator Jesse Helms, a North Carolina Republican, that the 1982 elections which brought President Miguel de la Madrid to power were fraudulent, a charge the PRI described as "farsical."

The 11 parties issued a joint statement accusing the Government of sacrificing national sovereignty through continuing to repay Mexico's $98bn external debt. They also said the PRI was ignoring legitimate demands by peasants to own their own land.

Bankers look to US for solution to debt problems

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE SUDDEN resignation of Mr Jesus Silva Herzog as Mexico's Finance Minister has not only added to jitters in the world banking community about that country's ability to service its $97bn (£64.6bo) foreign debt. It has also helped crystallise a view among senior bank executives that there may now be no traditional banking solution to Mexico's problems.

At the beart of the crisis now engulfing Mexico's economy in the wage of plunging oil prices is the country's inability to reach an agreement with the International Monetary Fund that would set a rescue package ln train, including the provision of np to $3.5bn in fresh commercial bank finance.

Faced with this, senior bankers said yesterday that the initiative for dealing with Mexico's problems must now come from governments rather than from the financial community. In particular they stressed the strategic interest of the US in ansuring political and economic stability in a country with which it shares a 2,000 mile border.

The plunge in oil prices has robbed Mexico of export earnings totalling some $8bn, leaving lt hard pressed to meet a similar-sized interest bill on its foreign debt, and deprived the Government of vital tax revenues, nearly half nf which came from the oil sector last year.

As a result its bndget deficit is now heading towards 13 per cent of gross domestic product, a level which the IMF cannot countenance. The IMF has been urging Mexico to cut the deficit to 5 per cent of GDP, to belp curb inflation now running at 85 per cent. Although it is understood recently to bave softened this stance, it is still insisting on deep bndget cuts in a year wben Mexico's economy is expected to contract by some S per cent.

The problem for President Miguel de la Madrid has been how to break out of this impasse. Long months of negotiation have shown that the IMF is nnwilling to budge much. It has lts international credibility to think of and cannot endorse a weak economic programme. Such a deal would provide little incentive for commercial banks to lend more money and would only encourage other countries to seek similar concession

All this means that, despite the bland official optimism now being expressed in Washington, the prospect of an orthodox sotution to Mexico's problems has receded.

Bankers say they have been kept in the dark about the details of Mexico's talks with the IMF, but most yesterday were inclined to the view that Mr Silva Herzog's departure reflected the adoption of a tougher line towards its creditors by the de la Madrid administration, including possibly the *suspension of full* interest payments nn foreign debt.

Mexico's foreign exchange reserves tumbled to just $5.5bn at the end of last year from $8.1bn in 1984. Though it bas managed to meet debt service payments of some $2.3bn in the first three months of the year, this was only by dint of a fierce monetary squeeze at bome which forced the private sector to repatriate money from abroad. This squeeze bas not only weakened private sector companies; it has also pushed up the cost nf servicing the Mexican Government's domestic debt.

Meanwhile, the trade surplus shrank by 68 per cent in the first quarter of this year to just $782m, suggesting that the Government's target of a surplus of $4bn to $5bn is slipping out of reach. Last year the surplus fell to $8.4bn from $12.9bn in 1984.

Despite the special circumstances surrounding the Mexican debt crisis, the bankers were still in no mood to countenance concessions such as below-market interest rates on their loans tn Mexico. This would only provoke demands from other debtors for similar treatment.

At the same time they recognise that Mexico simply does not have the cash to continue paying interest indefinitely. That is why they now argue with growing insistence that governments, and particularly the US, should now step in. How this could be done is another matter, but at the very least Mr Silva Herzog's departure shows that the Mexican poker game is one in which there are potentially few winners and many losers.

REPORT SAYS FINANCIAL INFLOWS MUST BE DOUBLED

'Involuntary lending' to Third World urged

BY WALTER ELLIS

DEVELOPING COUNTRIES will need to double their rates of financial inflow, to at least $80bn annually by 1990, if they are to recover from their economic difficulties and attain a targeted growth rata of S per cent a year.

In order to echieve this in the aftermath of the Third World debt crisis, commercial banks will have to eccept new forms of "institutionalised involuntary lending," designed to recycle interest payments back to the Third World.

The governments of industrialised countries will also need to provide the World Bank with sufficient resources to doubta its preseot rate of concessional and non-concessional tending.

These are the main conclusions of a report publisbed yesterday by the UN Committee on Developing Planning, a group of senior economic experts from the industrialised and devetoping world who advise the UN on economic policy.

Announcing the conclusions, Mr Shridath Ramphal, the Commonwealth Secretary General and committee cbairman, said yesterday in London thet a reversal of the flow of resources—so that poor countries were now transferring their wealth to rich—was having a strangling effect on the developing world.

CAPITAL REQUIREMENTS FOR 1990 AND 1995 (bn of 1985 $)

	Current policies		Higher growth	
	1990	1995	1990	1995
All developing countries	70	106	91	148
Non-Latin America	52	70	60	88
Large Asian	15	20	13	19
Latin America	18	36	31	60

Organisations like the International Monatary Fund were guilt of complacency in not doing what wes required to redress the situation, bo said.

On present financial policies, the "prospects for odequate growth and social progress in many of the world's poorest countries will remain negligible, whatever efforts their governments make to put their own house in order," the committee's report conctudes.

To achieve "bare-minimum" requirements for growth, the committee calculates that additional net financial flows of $31bn a year by 1990 will be required, beyond the present level of $40bn annnally. Of this additional financing only $6bn is now in prospect from official transfers and direct investment.

To generate the remaining finance, a four-part programme is proposed:

- Industrial countries should provide additional resources tn the World Bank and other multilateral development institutions, as well as *increasing* bilateral assistance to the poorest countries by abont $2bn annually.

They must also improve aid co-ordination and must resist the temptation of turning aid into "a vehicle for indiscriminate pushing of exports."

- The World Bank and the regional development banks should increase their lending by $8bn annually, while the International Development Association (IDA), the soft-loan arm of the World Bank, should lend an extra $2bn a year.

This expansion of World Bank lending, which would roughly double net disbursements by the end of the decade, could be achieved either by additional capital commitments from the industrial countries or by relaxing the World Bank's present gearing ratio.

- Commercial banks must provide an edditional $13bn of net new lending annually. Of this, $3bn is likely to come through "voluntary" loans tn developing countries, largely througb co-financing with the World Bank.

The remaining $10bn of commercial bank tending should be raised through "new arrangements to institutionalise involuntary lending." This can be done either *througb partial* capitalisation of the interest due from debtor countries or through multi-year new money would guarantee specified sums of new lending several years in advance.

- Developing countries must commit themselves to new forms of policy conditionality, which would entail growth-oriented economic management, *as well as financial* prudence.

The report contrasts this kind of "growth conditionality" with the "contractionary adjustment through demand deflation traditionally prescribed by the International Monetary Fund."

The present approach to LDC adjustment "far from moving the world economy towards greater financial stability, freer trade and faster growth is generating powerful pressures in the opposite direction," the report says.

Doubling Development Finance: Meeting a Global Challenge. United Nations Department of International Economic and Social Affairs, New York.

Ramphal: reversal of resources flow.

Solution near to Brazilian dispute over bank losses

BY IVO DAWNAY IN BRASILIA

THE BITTER dispute between foreign creditors of three failed Brazilian private sector banks and the Government over liability for the losses appears to be near resolution.

This would clear a major hurdle *between the commer*cial banking community and Brazil that has helped hold back a full multi-year rescheduling of the country's foreign debt.

An agreement could also trigger more support for the interim rescheduling of $31bn in commercial bank loans for 1985-86. Several of the 70-odd banks owed money by the three bankrupt Brazilian houses had withheld their support for the interim deal until the outstanding loans were repaid.

The row over the failed banks — Comind, Auxiliar and Maisonnave — which collapsed last year owing goreign creditors some $450m, stemmed from disagreement whether the Brazilian Government had undertaken informally to underwrite the loans.

While the Government argued that these were made at the lender's own risk, the creditor banks claimed that the authorities had given tacit undertakings to secure the money. When the banks failed, the Government would only agree to recover 25 per cent ofthe liabilities.

However, in a long negotiation the creditors' committee, led by Midland Bank, the Arab Banking Corporation and Bankers' Trust, have agreed with Comind shareholders that some 65 per cent of the outstanding loans could be repaid immediately and almost all tbe remaining funds may be raised through asset sales and tho passing on of outstanding credits. Similar arrangements are expected to be reached with Auxiliar and Maisonnave shortly.

While any agreement will require the final approval of tha central bank and some judicial perusal, these are not expected to create problems. A solution to the so-called Resolution 63 question — the legal basis for the original loans — has long been a precondition of many of Brazil's creditor banks for a full multi-year rescheduling.

However, to fully resolve difficulties of a multi-year rescheduling, the precise role of the International Monetary Fund has to be defined; and this is far from agreement.

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John Elliott visits Batala, an industrial centre whose expansion is threatened by the violence that exists between Hindus and Sikhs

Punjab's Belfast: microcosm of a communal crisis

IN THE 1960s, the small city of Batala was known as the Manchster of India, ona of the country's few industrial centres after independence. Now if rising tensions between Sikhs and Hindus develop into the communal clashes feared by police and politicians, Batala could soon qualify as India's Belfast.

The situation in Batala, an hour's drive north of Amritsar, the Sikh's boly city, is a microcosm of the crisis that has swept the troubled state of Punjab recently. Killings have been running at over 70 a month. Yesterday, extremists shot and injured ona person, looted a shop and snatched about £1,500 from a bus passenger. Seven people, described as hard-core extremists, were arrested by security forces.

The communal strike has halted industrial expansion across Punjab, cut trade by up to 50 per cent and reduced profit margins by over 40 per cent. In Batala 25 per cent of the town's 2,000 engineering units have run out of orders. This centre, developed as India's machine food supplier, finds its outpnt under threat.

The violence has also shattered the hopes of Mr Rajiv Gandhi, the Indian Prima Minister, for an early end to Sikh unrest. Extremist Sikh students barricaded entrances to the town in March, after members of the Shiv Sena, a new militant Hindu organisation, harassed some Sikh youths. Security forces kept the two communities apart but factories were burned and at least five people killed.

Now the town's 80 policemen are backed by 600 members of paramilitary forces, who this week launched a bid to keep the peace after more deaths and several days of curfew. Police officers say Hindu and Sikh extremists are "on tha brink of being succesful" in efforts to cause large scale communal unrest.

The rise of the Shiv Sena in several Punjab cities indicates frustration among Hindus after three years of mounting Sikh violence. The organisation is named after Shiva, the Hindu warrior god, and alternates between organising peace committees with moderate Sikhs and armed clashes with extremists.

In Punjab, more than 1,000 Hindu families have recently fiod from rural areas around Batala and other towns to large cities and to the neighbouring state of Haryana. They have been frightened by roaming bands of Sikh extremists who want to create an independent Sikh base of Khalistan in Punjab, and to drive Hindus out.

Officials privately estimate that the present proportionate Punjab population of 60 per cent Sikhs and 40 per cent Hindus, could change to 80-20 per cent within ten years. Hindus who can afford to do so are sending members of their families to set up homes and diversified businesses elsewhere in India, while Sikhs living elsewhere are buying land in Punjab in case one day they have to flee.

The call for an independent state is no longer merely a dream of the most fanatical Sikhs. It is now appealing to a wider section of the community.

Mr Gurdip Singh, a 65-year-old Batala farmer and former food factory manager, said: "I have progressed towards believing in Khalistan in the past few years, because the Hindus just want to dominate us and the so-called secular Indian constitution is all bosh. Hindus don't let us breathe. Wo will definitely have pure Khalistan within 10 years."

This different perception from 10 months ago, when Mr Gandhi struck his Punjeb peace accord with Sant Longowal, the Sikh leader who was later assassinated, has one main cause — tho failure to govern by the Sikhs' Akali Dal party, which was elected to run the state government last September.

The party has split over recent police action insida the Amritsar Golden Temple and is now a minority government. It is also divided over how many villages to cede to Haryana state in return for receiving the city of Chandigarh as its own capital.

The split in the party has given fresh respectability to extremists based in the temple. Their activities were boosted when the Akali Dal Government released 2,000 Sikh youths from prison late last year.

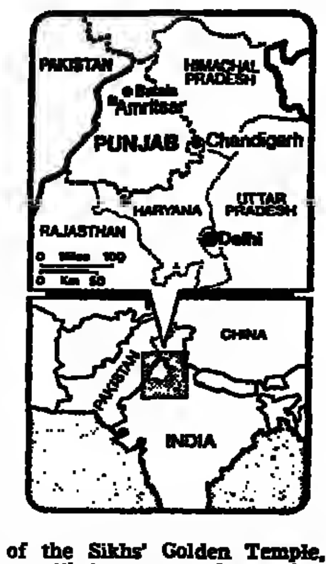
Up to 4,000 youths now provide the manpower for violence organised, according to Mr Julio Ribeiro, director of the Punjab police, by 40 "hard core terrorists."

Mr Ribeiro's work is hampered by a demoralised, corrupt police force, whicb often favours the Sikhs

Frequent calls for the army to be called in are widely resisted, because it was the army's action in storming the Golden Temple complex, and then sweeping through rural villages, which sowed many of tbe seeds of thc current problem.

No one in Punjab now expects an early end to the trouble. Police have had some success in the past few days rounding up extremists but this is only a short-term gain. The main problems are a lack of political leadership and economic development.

If these are not tackled, the frustrated and potentially militant Hindus, whose Shiv Sena has its headquarters in Amritsar adjacent to a Hindu replica of the Sikhs' Golden Temple, are likely to reproduce other more violent facets of Sikh extremism.



Japanese tax reform suffers setback in election campaign

BY JUREK MARTIN IN TOKYO

THE CAUSE of general tax reform, which the Japanese Government has promised to tacklc in the months ahead, took an instant and severe battering yesterday on the opening day of the general election campaign.

The most damaging assault was made by none othar than Mr Yasuhiro Nakasone, tha Prime Minister. He promised not to introduce largescale indirect taxes and not to dismantle the tax breaks now availabia on small savings.

He was supported by another leading light of the ruling Liberal Democratic Party, Mr Noboru Takeshita, the Finance Minister, who said he had no quarrel with Mr Nakasone's assertion of a few days ago that a general consumption tax, along valne added lines, was undesirable.

Japanese elections, like those everywbere, are littered with promises made in the beat of battle and subseqently not kept. In this instance, both the Prime Minister and the Finance Minister were clearly responding to opposition charges that a big net tax increase is secretly in the offing.

Nevertheless, it appeared surprising that both had so readily pulled the rug from under what hava long been tha two most important ingredients of tax reform.

Mr Takeshita, for example, has freqnently spoken favourably, if cautiously, on the subject. Earlier this year, in London, he attracted widespread attention wban he said the *Maryu* system probably needed to be abolished (this exempts from taxation the interest on the first Y3m (£12,000) in individual savings accounts, the great bulk of whicb are lodged in post office savings).

In macro-economic policy terms, the Government has committed itself to finding ways of inducing the pnblic to spend more and save less as a means of promoting growth. It has been widely assumed that a redistribution of the tax burden would form an important element in this. However, no consensus on the best methods has yet emerged.

Yesterday saw the official start of campaigning for half the 252 seat House of Councillors, with the battle for tha much more important 512 member House of Representatives starting on Saturday, prior to the vote for both on July 6.

Sri Lanka proposes fresh peace initiative

By John Elliott in New Delhi

NEW PROPOSALS for ending Sri Lanka's ethnic crisis and mounting violence were publicised by the Government last night on the eve of a meeting today in Paris of countries which donate aid of about $500m (£333m) a year to the island.

The proposals were approved in Colombo by the Sri Lankan cabinet and were passed to Mr Rajiv Gandhi, the Indian Prime Minister, wha has been mediating in the crisis, at a hastily arranged meeting in New Delhi by Mr Bernard Tilakaratna, Sri Lanka'a High Commissioner.

Plans for devolving government powers to new provincial councils were contained in the proposals, which are believed to be more explicit than earlier statements from the Sri Lankan Government.

But Indian diplomats remained sceptical last night about the intentions of Mr Junius Jayawardene, Sri Lankan President, who is to put the proposals to a conference of political parties next Wednesday.

Scepticism has arisen because past peace proposals hava been shelved and because, for the third year in succession Sri Lanka has launched peace initiatives in advance of the annual aid meeting, wbere it regularly risks being criticised for working towards a military, rather than a peaceful, solution to the claims of its Tamil minority community.

Sri Lanka risks losing the backing of some of its aid donors. The level of aid has already stagnated, partly because the Tamil ethnic crisis has slowed development projects.

The proposals delivered yesterday te Mr Gandhi, who has been mediating in the crisis, are believed to involva separate councils or provinces, headed by elected cabinet and chief ministers. But they do not meet the Tamils' key demands for the northern and eastern provinces, the main Tamil areas, to be linked by a single council.

However, there has been some discussion about setting np liaison committees to cover non-controversial subjects such as tourism, fishing and irrigation.

Control over provincial police forces and land settlements, two specially sensitive areas, would be shared betwcen the national and provincial governments.

Singapore denounces West's 'James Bond journalists'

BY CHRIS SHERWELL IN SINGAPORE

A WITHERING indictment of Western journalism by one of Singapore's most prominent cabinet ministers has fuelled controversy over government plans to curb sales of foreign publications which try to influence the island state's politics.

The attack came on Tuesday night from Mr Sinnathamby Rajaratnam, an old guard leader allied with Mr Lee Kuan Yew and a senior minister in the Prime Minister'a office.

His speech to foreign correspondents underscored the Government's determination to amend existing newspaper legislation, despite public criticism from Singaporeans and concern expressed privately by foreign diplomats and businessmen.

Some analysts are also questioning how far the ruling People's Action Party is prepared to go in tolerating a wider spectrum of dissenting views in Singapore'e fast-maturing society.

Mr Rajaratnam, 71, denounced what he called tha "new James Bond journalism" practised by "crude, loud-mouthed and essentially Colonel Blimpish" Western journalists who "believe they have a 007 licence to destroy the reputation of leaders and governments in South East Asia with impunity."

"It is in anticipation of a possible coming conflict with (these) new JBJs," he declared, "that the Government has made the first move to safeguard Singapore with the proposed amendment to our press laws."

This bill, now before parliament, amends the 1974 Newspaper and Printing Presses Act and provides for the "gazetting" (censure) of foreign publications which the Communications and Information Minister declares to be "engaging in the domestic politics" of Singapore.

Although the legislation makes it an offence, punishable by a fina or jail term, to sell, distribute, import or possess for sala or distribution such a publication, the main idea is that it should hava its sales restricted.

As Mr Wong Kan Seng, Minister of State for Communications and Information, has said, the aim is not to prevent Singaporeans reading what foreign newspapers say about them, but to stop publications profiting financially through big circulations in Singapore.

Mr Rajaratnam'a speech was important because the Government's move provoked a critical response last month from the Singapore Law Society. This in turn prompted an unusually sharp retaliation from government ministers concerning the public's right to comment

According to the Law Society, the new legislation fails to define "engaging in domestic politics" adequately and gives too-wide powcrs to the minister. It will not in practice punish publishers, the Society adds, and existing laws — covering undesirable publications, internal security, sedition and libel —could do the job better.

Mr Wong, Mr Rajaratnam and even Mr Goh Chok Tong, the First Deputy Prime Minister who is in lina to succeed Mr Lee, have each attacked the Law Society and its president, Mr Francis Seow, for this pointed criticism.

This sledgehammer reaction triggered an indignant public response and caused some to suspect that the Government was facing difficulty separating principles and personalities, for Mr Seow was once the Government's solicitor general. Mr Wong was obliged to make a statement a week later that Singaporeans did have a right to comment on public policies, but not through professional bodies if the issues fall outside their purview.

To jndge by Mr Jajaratnam's speech this week, bowever, none of these developments has deflected the Government from its chosen course

Asked whether a foreign newspaper was guilty of interfering in Singapore politics by chronicling the controversy, publishing the Law Society's statement and commenting editorially, Mr Rajaratnam said flatly: "No." Yet he eepcifically attacked the same newspaper, the Asia Wall Street Journal, for its coveraga of Singapore.

Only the Government, ha said, would decide what constituted interfarence in Singapoor politics. The Government would fight the new jornalism. "You can damn us as tyrants," he said. "We'll not apologise to anybody." Foreign pressmen would havo to ebide by "our rules. . . regardless of wbether they privately consider them beathenish and sacrilegious."

S. Korea rejects proposal for military talks with North

BY STEVEN B. BUTLER IN SEOUL

SOUTH KOREA yesterday rejectod out of hand a North Korean proposal for high level military talks aimed at reducing tension on the peninsula, saying the proposal was "not worth attention." A Defence Ministry official further accused North Korea of using the proposal of a propaganda ploy.

North Korea on Tuesday proposed that the defence ministers of North and South Korea and the US Commander in South Korea meet to discuss ending military exercises on the peninsula, troop reductions and stricter observance of the Korean armistice agreement.

South Korea yesterday instead called on North Korea to resume dialogue on economic co-operation and other issues and to pursue measures to reduce tension through the military armistice commission established under the truce whicb ended fighting in the Korean War 33 years ago. South Korea also renewed its proposal for a summit meeting between the presidents of the two countries.

The swift South Korean rejection is likely to introduce a new chill into relations between the two sides. North and South Korea pursued a halting dialogue for nearly two years until North Korea unilaterally suspended talks in January to protest at annual US-South Korean joint military manouvres.

A US military official yesterday had no comment on North Korea's request that the US participate in the talks. The rapid South Korean response may bave been designed in part to pre-empt any US move to accept tha offer.

A South Korean Defence Ministry official accused the North of intentionally making an unrealistic proposal in order to shift the blame for the suspension of talks to thc South, and to cover up the North'e military buildup.

Zaire set for 'modest' growth

BY MICHAEL HOLMAN

ECONOMIC reforms in Zaire, regarded as one of the important test cases in Africa for tho policies of the International Monetary Fund (IMF) and tha World Bank, will lasd to only modest growth and cause political strains, says a new report on the country.

An Economist Intelligence Unit study concludes that the programme, described as the most serious President Sese Seko Mobutu's Government bas ever inaugurated, will nevertheless bold.

The programme, which included a substantial devaluation of the zaire, cuts in subsidies, higher prices to agricultural producers and privatisation or overhaul of many government-owned enterprises and public spending cuts, began in late 1982.

"The policy of austerity," says tha report, "bas caused a fall in living standards, a rednction in the already patchy services, particularly in pnblic bealth and education ... and rigid control of the already low salaries of public employees."

A major constraint on development is the burden of servicing an external public debt which exceeds $4bn (£2.6bn). Tha report notes that in 1984 the US, France and Belgium, the three closest Western allies, together received debt service payments more than $110m in excess of fresh disbnrsement they made.

Rescheduling will be necessary for the rest of the 1980s, says the report, but doubts that this relief will be sufficient to allow the Government to find adequate resources to back its reform programma

The programme should achieve two important aims, concludes the report: a period of economic stability and an improvement in Zaire's balance of payments position.

Zaire to the 1990s; Will Retrenchment Work ?: Special Report No 227 by Gregory Kronsten. Economist Intelligence Unit, 40 Duke Street, London W1M 5DG.

Israel defends policy of dialogue

BY ANDREW WHITLEY IN TEL AVIV

LEFT-WING members of the Knesset, the Israeli parliament, yesterday called on the coalition National Unity Government to reduce or cut diplomatic relations with South Africa, with whom Israel has long had a special reletionship.

Mr Roni Milo, the Likud deputy foreign minister, resisting the calls, defended a policy of dialogue between all sections of the South African population. Earlier in the week the Foreign Ministry said Israel regarded the imposition of a state of emergency "with extreme gravity."

Concerns over the impact on the prominent South African Jewish community of any weakening of diplomatic links between Israel and South Africa were, bowever, expressed yesterday by right-wing parliamentarians.

The 120,000-strong community has traditionally been a large donor to Israel, taking advantage of the special exemption from foreign exchange controls permitted by the Pretoria Government in the case of transfers to Israel.

Mr David Kimche, director general of the Foreign Ministry, said in an interview on Tuesday that the Jewish community in South Africa was regarded by both the African National Congress and by right-wing Afrikaaners as the "weak link" in the white community, and was therefore subject to pressures from all sides.

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Brazil softens line on services in Gatt talks

BY IVO DAWNAY IN BRASILIA

THE DOGGED opposition mounted by Brazil to any inclusion of trade in services in the forthcoming negotiating round on the General Agreement on Tariffs and Trade (Gatt) appears to be softening.

Although publicly Brazil maintains its hostility to a services factor in the talks, efforts to muster sufficient support to exclude them appear to have failed.

Consequently, officials preparing a position for the Gatt ministerial meeting in Punta del Este, Uruguay, in September aim to maximise the advantages to be derived from conceding some ground on services.

A senior Government official said: "As of now, we don't like the notion of a general agreement on services but, on the other band, we do not want to block things.

"We want to work out a mechanism in order to advance."

This small, but significant shift in Brazil's position on the sensitive services issue follows a meeting of several Latin American countries' trade officials in Basilia last month at which Gatt issues were discussed.

During the meeting, both Chile and Colombia indicated they would be supporting the call by the US for the inclusion of services in the new round.

Brazilian opposition to the creation of a special preparatory commission on services was defeated in Geneva last August when the US took the unprecedented step of calling for a vote on the issue.

According to long-standing trade observers, Brazil has now accepted that it cannot raise sufficient votes to block the move.

Nevertheless, the Government of President Jose Sarney is expected to use any concession it may make to win priority consideration of issues that most reflect its interests.

Greece to make Mirage parts

BY ANDRIANA IERODIACONOU IN ATHENS

HAI, the Greek state aerospace company, has signed a FFr 1bn (£93m) contract with Dassault of France for the co-production and assembly of Mirage-2000 parts. The deal is nnder the provisions of the sale of 40 of the French fighter aircraft to the Hellenic Air Force, agreed last year.

Mr Theodore Stathis, the Greek Assistant Defence Minister, said that the contract was valned at 1983 prices and would run to the year 2000. It specifies three general areas of HAI involvement: the Mirage-2000 aircraft body, tha engine, and electronie components.

The contract sets the level of HAI participation at a minimum of one-third of the total world sales of the Mirage-2000.

The contract initially foresees the manufacture by HAI of sections of the aircraft's wing, with a view to the eventual manufacture of the entire wing in Greece, as well as of parts of the fuselage and the landing and navigation systems. Work on the wing is expected to begin next month.

HAI is also to assemble and test 50 Snecma M53 engines dnring the next $3\frac{1}{2}$ years for the Greek and French air forces, and the company will manufacture parts of the Mirage-2000 radar system.

Dassault had undertaken to offset about 60 per cent of the cost of the sale of 40 Mirage-2000s to Greece, agreed in July 1985, during a 15-year period. The total purchase cost of the aircraft is set by the Greek side at FFr 7.6bn at 1983 prices.

Under terms of the sale, 30 per cent of the offset activity must involve the Greek arms industry, of wbicb most will go to HAI. The remainder will involve the tonrism, agricultural and non-military industrial sectors. Delivery of the first aircraft is expected in 1988.

UK rethinks export loan move

BY CHRISTIAN TYLER, TRADE EDITOR

THE BRITISH Government is reconsidering controversial proposals made to the banks for cutting the public cost of supporting export loans.

At a meeting on Tuesday officials of the UK Treasury and Export Credits Guarantee Department (ECGD) apparently agreed to consider further the technical difficulty of funding export loans, albeit more cheaply, on the capital markets.

They will also examine more closely the cost to banks of providing services to exporters after hearing objections to the big cuts proposed in lending margins.

A number of other issues which have aroused the ire of the banks and their customers in the capital project business are to be examined by separate working parties.

At present the banks are paid a margin by the Government for providing trade loans at state-subsidised rates insured by the ECGD. The funds are normally raised on the inter-bank market.

The Treasury, anxious to reduce public expenditure, has proposed a large cut in the margin, and greater use of the cheaper capital markets.

It has also proposed that for large projects worth £50m or more, that the job of funding sbould be put out to tender. At present the exporter's chosen bank is usually involved in all stages of a contract, from tendering to financing.

Several big mannfacturing companies complained yesterday that they were not being consulted on a potentially radical ehange in British trade financing arrangements.

Soma bankers argue that tbe question of wbo pays for the work put in on eventually fruitless negotiations is now more important than the level of the margins itself.

The size of the cut proposed by the Treasury is still being strongly resisted. But some reduction is seen as probably inevitable.

The Government opened the negotiations with a suggestion that the margin on officially supported fixed interest trade loans in sterling should be cut from $\frac{7}{8}$ per cent to 1 per cent over London interbank offered rate (Libor) to $\frac{1}{2}$ per cent.

Margins of $\frac{3}{8}$ per cent to $\frac{5}{8}$ per cent on cheaper foreign currency lending should come down to around $\frac{1}{16}$ per cent.

Boeing wins $300m orders

BOEING, the US aircraft manufacturer, yesterday announced a series of orders, Reuter reports.

It said it had won orders for three aircraft from European airlines worth a total of more than $150m.

In a London statement, Boeing announced that British Airways had ordered a 747-200B, to be powered by Rolls-Royce RB211-524D4 engines. The order is worth around $100m.

In addition Bavaria Fluggesellschaft bas ordered two Boeing 737-300 aircraft, worth around $26m each.

In Seattle the US group said it had received an order worth $152m for seven aircraft from International Lease Finance Corporation (ILFC), of the US comprising three 737-400s, three 737-300s and one 757 with an option for a second 757.

Unctad fails to agree venue for 1987 talks

BY WILLIAM DULLFORCE IN GENEVA

THE governing body of the United Nations Conference on Trade and Development (Unctad) failed during a two-day meeting in Geneva this week to decide on a date, venue and agenda for the organisation's next plenary session in 1987.

Unctad's plenary sessions are beld at four-year intervals. It has been hoped that the next, Unctad VII, would revive the North-Sonth dialogue and find new ways of stimulating developing countries economies.

The problem persists of finding an alternative venue to Havana, which the US rejects. The last plenary session in 1983 was beld in Belgrade after Wasbington refused to send a delegation to Cuba.

Havana remains the choice of the Latin American countries which retain the right to act as host to the next plenary. Cuba told Mr Kenneth Dadzie, Unctad's secretary-general, that it would waive its right but only on condition that tbe session convened in Geneva.

Clashes with other UN conferences would make it difficult to hold the Unctad's meeting in Geneva during the scheduled period next June. Vienna was proposed as a compromise but Mr Dadzie said agreement was "not complete."

Mr Dadzie is to bold further consultations in the hope that a decision can be taken by the trade and development board in September, when a provisional agenda must also be agreed.

● China formally announced that it intends to apply for membership of the General Agreement on Tariffs and Trade (Gatt) in Geneva yesterday.

Philips and HK group in China radio deal

By Laura Raun in Amsterdam

PHILIPS, the Dutch electronic group, is launching a joint venture with Gold Peak Industries of Hong Kong to produce and market car audio equipment for the Far East.

Production is to begin at the end of this year in China in co-operation with a local organisation. Output has yet to be determined but investment in China is expected to reach US$2.5m within two years. The potential partner in China will provide 30 per cent.

The joint venture, called Car Audio Electronics, will be 51 per cent owned by Philips and 49 per cent by Gold Peak and have its headquarters in Hong Kong. Management and industrial expertise will be shared by Philips and Gold Peak, which is Hong Kong's leading maker of car sound systems.

The audio equipment will consist of lower-priced radios and cassette recorders and will be aimed mainly at the Chinese market, which is expanding rapidly. Some equipment will also be exported to compensate for the necessary imports.

The latest joint venture is part of Philips' push into the Far East in recent years in an effort to establish low-cost production facilities and sell into the fast-growing markets. The Dutch electronics giant is seeking to derive as mnch as 25 per cent of total revenue from the Far East.

Daihatsu in talks on Polish plant

By Carla Rapoport in Tokyo

DAIHATSU Motor, one of Japan's leading compact car makers, confirmed that it is in talks with FSO of Poland on building a car plant in that country.

The final agreement, however, awaits a decision on the financing of the deal.

Poland'a debt crisis has made Western countries, as well as Japan, reluctant to consider extending further credit.

"We are discussing making cars, but are awaiting a decision by the Japanese government on financing," said a Daibatsu official yesterday.

Depending on the extent of local parts content, the cost of building a plant in Poland would range from Y20bn (£56m) to Y30bn, Daihatsu said.

This money could be extended, in large part, from Japan under its export credit programme.

It is understood that Japanese officials will make a decision on the project by the end of the summer.

If it goes ahead, the deal will mark the first time a Japanese car maker has ventured into Eastern Europe.

Turbo Union in Tornado deal

TURBO-UNION, the European consortium which makes the RB 199 jet engine, bas won a further order for 270 engines for Tornado combat aircraft, writes a Financial Times reporter.

The engines, worth an estimated £900m will be fitted in new aircraft for the British, Italian and West German air forces.

The order will bring the number of RB 199s sold since production started in the late 1960s to more than 1,750.

Singapore details plans for high-tech controls

BY CHRIS SHERWELL IN SINGAPORE

SINGAPORE has revealed more details about the regulations it gazetted last Friday to prevent the diversion to Soviet-bloc countries of militarily sensitive high-technology equipment.

The controls are seen as a response to pressure from the US and Britain. The Trade Development Board (TDB) acknowledged yesterday that the regulations were introduced because Singapore recognised the need for advanced countries to safeguard strategic high technologies.

The measures reflected the Government'a "co-operation in this area of concern," the TDB said, and Singapore's need "to have continued access to such technologies."

The new regulations mean a Singapore importer of a sensitive item must have an import and delivery verification certificate (IDVC) if the foreign exporter requires one under the exporting country's own regulations.

The Singapore importer mnst then ensure that the product is imported into Singapore and nowbere else, not disposed of before it reaches Singapore, and not re-exported without the Singapore Government's approval. The importer must also reveal the end-user in Singapore.

The detailed regulations require the Singapore customs to inspect the imported item and endorse the import permit with the IDVC number. Both the permit and the IDVC must reach the TDB for verification within seven days. The verified certificate can then be returned by the importer to the exporter. Tha TDB can meanwhile carry out surprise checks at the premises of the declared end-user in Singapore.

To control any subsequent export from Singapore of the sensitive item, Singapore requires the TDB to give its approval, for which it needs an end-user certificate or an IDVC-type document from the foreign importing country.

According to the TDB, there is no list of banned foreign importing countries as such. Singapore will, however, act on the basis of the original exporting country's requirements, so that if that country forbids the export of the sensitive item to Soviet-bloc countries, this will be observed.

Contravention of the new regulations will result in a fine of S$10,000 (£2,976) or three times tha value of the goods, whichever is greater, or to imprisonment for up to 12 months, or both. Heavier penalties are imposed for a subsequent offence.

Moscow underlines bid for ventures with West

BY PATRICK BLUM AND CHRISTOPHER BOBINSKI IN VIENNA

SOVIET interest in setting up joint ventures with Western companies has been further nnderlined by Mr Jemen Gvishiani, deputy chairman of tha Soviet state planning committee.

He told an East-West trade conference here that Moscow was seeking "new forms" of economic co-operation and was "very close" to agreeing joint ventures with certain Western companies which he did not name.

He said joint ventures were a means of improving the energy-dominated structure of Soviet exports, and said such enterprises could produce goods for sale inside the Soviet Union, to Eastern Europe and to the West. Hard currency earnings would be needed to "overcome the non-convertibility of the rouble," he said.

Allowing direct Western investment would be a major political step for the Soviet Union, and it was noticeable during debates at the Vienna trade conference, Soviet trade ministry delegates fought shy of having joint ventures singled out in a final communique as a subject for further study by businessmen from East and West.

Poland and Czechoslovakia are the latest Eastern European countries to join the list of those who have passed joint venture legislation while Hungary is cited as tbe country which has had the most success with this method of co-operation.

Mr Donald Kendal, the chairman of Pepsico in the US, told the conference: "The joiot venture seems to be one of the ways to infuse the new and more sophisticated technology of the non-Communist world into the East. Both East and West should place higher emphasis on the use of joint ventures," be urged.

But other businessmen have pointed out that the commitment to joint ventures by East Europeans must go beyond the mere passing of laws permitting such a move. "A law is not enough. The details must be clear on such things as prices or personnel policy before we start and there must also be a fair return on investment," one West German said. The country has shown tha most interest in the idea in the West.

Mr Gulshiani said the Soviet Union was not adopting any particular model for its joint ventures, but it had studied the experience of its east European partners and China. "There are some dangers. Not all the joint ventures have been a success," Mr Gulshiani said.

MPs take unitary tax protest to Washington

By Clive Wolman

AN ALL-party parliamentary delegation was in Washington last night to protest to Mr James Baker, the US Treasury Secretary, and Congressional leaders about the lack of progress in ending the application of unitary tax against non US multinational companies.

Unitary tax is a method of assessing the corporation tax liabilities of a multinational on the basis of its worldwide earnings. It is applied by California and several smaller states. Some MPs in the delegation yesterday renewed the threat of retaliation against US multinationals in Britain if the tax is still in force at the end of this year.

They said the Government had committed itself to removing the tax credits on dividends paid by subsidiaries to their US parents, under the terms of last year's Finance Act.

The US Federal Government officially supports the ending of the tax, backed up if necessary by legislation, but MPs said yesterday that they were concerned about an apparent lack of interest on the issue.

Industrial output picks up but pay worries persist

BY WALTER ELLIS

INDUSTRIAL PRODUCTION in the UK made a modest recovery in April after a disappointing opening quarter, according to the latest provisional estimates from the Central Statistical Office (CSO) published yesterday.

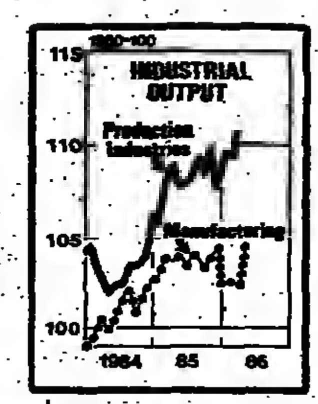
Manufacturing did especially well, with sharp improvements in the electrical engineering and machine tool sectors. While output improved, however, there is still some concern about the continuing high level of wage deals.

Figures from the Department of Employment, show that in the three months to April, wages and salaries per unit of output in manufacturing industry were 7.6 per cent above the level of the same period last year.

This represents an improvement on the three months to March, which recorded an increase of 8.2 per cent, but is still far in excess of Government targets.

In the energy sector, CSO figures suggest that output eased slightly in April for the second month running, but remained well up on April 1985.

The motor industry, which has been hard pressed over the last year, managed a small improvement in its position for the month. However, for the three months to the end of April figures show a decline in output of 8 per cent against the equivalent period last year.



Tha April index of production reached 110.6, up 1.2 on March and 2.6 index points higher than January. The index of manufacturing output for the month climbed 1.8, to 104.4, while energy and water supply fell back, from 128.5 to 127.9.

The CSO and outside analysts emphasise that too much should not be read into one month's figures. Revisions of recent statistics may yet suggest that March was not as bad as it appeared, while results for April could prove, on balance, too high

Seasonal adjustments for March and April have been rendered more difficult than usual this year because Easter, with its associated holidays, fell right at the end of one and spilled into the other.

Moreover, though the CSO's bias adjustment for the index of manufacturing output – intended to take account of "rival" figures from the Confederation of British Industry – is now more than four months old, it has still to be refined. The bias for April accounts for some two thirds of the increase in the manufacturing index.

What is most evident from the figures released yesterday is that a poor first quarter for output has been followed by a better April.

In the three months to April, output of the productioo industries is provisionally estimated to have increased by 1.5 per cent over the level of the previous three months, with manufacturing output remaining flat.

Ordnance delay raises asset sale doubts

BY GEORGE GRAHAM

THE POSTPONEMENT this week of the privatisation of Royal Ordnance, the munitions factories, follows a number of other setbacks to the Government's plans to move state companies into the private sector. British Airways has run into difficulties over lawsuits and there are questions over the sale of water authorities.

Although the Royal Ordnance flotation, expected to raise between £150m and £200m, represents on its own a small amount, its delay has added to doubts over a privatisation programme which is assuming an increasing significance to the Government's overall finances.

The level of privatisations has risen dramatically during the life of the Conservative Government. Asset sales in the 1979-80 financial year totalled £377m, mostly accounted for by the sale of some government shares in British Petroleum.

In 1985-86, privatisation proceeds

Mr George Younger, Defence Secretary, told the House of Commons yesterday that the Government was determined to go ahead with the privatisation of Royal Ordnance despite the cancellation of plans for a share flotation. He said the Government had not ruled out a piecemeal sale of the 14 factories.

had risen to £2.6bn, while for the next three years they are planned to run at £4.75bn a year.

By government accounting conventions, these sales of state companies and assets are treated as negative spending. They reduce the published total for public sector spending, known as the planning total, and the public sector borrowing requirement (PSBR) needed to finance the shortfall between tax revenues and spending.

Between 1979 and 1983, privatisation proceeds never amounted to more than ½ per cent of the planning total. Last financial year, the proportion had risen to 2 per cent and for 1986-87 it is expected to be 3.4 per cent.

The Government regards the control of public spending as a crucial aim.

Because the financial markets are in general happier with the idea of privatisation than with increased sales of government bonds, the asset sale programme may have helped win easier acceptance for essentially the same level of public spending.

Mr Gavyn Davies, chief UK economist at the investment house Goldman Sachs, argues that if the Chancellor of the Exchequer had not been able to announce £4.75bn of asset sales in his budget this year, he would have had to reduce his PSBR target to avoid a loss of market confidence.

With many of the most saleable state assets already privatised, some analysts fear that further hiccups, such as the Royal Ordnance postponement, could cause difficulties at the time when privatisation receipts are most important to the Government's plans for tax cuts.

Mr Keith Skeoch, chief economist at broker James Capel, comments: "The programme itself is important, and not just the fact that you have a lump of £14.5bn of assets to sell. It is not necessarily the case that if you only manage to sell £3.5bn this year you will be able to catch up and sell £5.5bn next year."

With £1.2bn of this year's target for privatisation receipts already assured from the final instalment paid for British Telecom, minor difficulties over Royal Ordnance have little significance to the Government's funding programme. That hinges on British Gas, the flotation of which in November is expected to raise as much as £8bn.

Tomkins takes control of Pegler

F. H. TOMKINS, the fast-growing manufacturing conglomerate, yesterday took control of Pegler-Hattersley, the valves company to form a group with a combined turnover of about £240m, David Goodhart writes.

Earlier this week Pegler seemed poised to prevent the takeover on the grounds that Tomkins' statement to the stock exchange of its 55.4 per cent control had failed by minutes to meet the deadline under Takeover Panel rules.

□ BRITISH companies which are losing market share to imports that benefit from anti-competitive and discriminatory trading practices, are being urged to submit evidence to the Government. Mr Alan Clark, Trade Minister, said that if appropriate information was provided it would be investigated by the Department of Trade and Industry's recently established Unfair Trade Unit.

□ THE BANK of England is expected to publish shortly a technical notice allowing supervisors to treat the redeemable preference shares of UK banks as part of their primary capital.

It will follow four months of open consultation between the Bank and Britain's banking community, mainly arising from the central bank's drive to encourage banks to raise their capitalisation and strengthen their balance sheets.

□ AGGREGATE results of the 429 insurance companies operating in the UK last year show an overall trading loss of £9m against an £83m loss the year before. Total invested funds of the companies amounted to £171bn (£144bn).

□ COMPANIES may be urged to make a bigger direct contribution to financing higher education. Mr Kenneth Baker, Education Secretary, said a comprehensive review of the student support system would give further consideration to the introduction of student loans, possibly linked with sponsorship by companies.

□ A PLAN for a private US-based health company to build and run a National Health Service (NHS) psychiatric hospital has been rejected by the Central Birmingham Health Authority.

Plastic bullets and gas 'needed by police' to curb riots

BY ROBIN PAULEY

TENSION in some of Britain's inner cities was still worryingly high and police must be able to use plastic bullets and CS gas in the event of riots, Sir Lawrence Byford, Chief Inspector of Constabulary, said yesterday.

In his annual report to Mr Douglas Hurd, Home Secretary, Sir Lawrence said that due to the stark escalation of violence in Britain the traditional equipment for quelling public disorder might not ha enough.

"Reluctantly, therefore, tha weapons of last resort such as baton rounds and CS gas need to be available to the police if their use may be the only means of dealing with major public disorder."

Sir Lawrence said that last year's urban riots demonstrated thet it was "police action which usually triggered a riot." Several chief constables had reported that any overt police action in racially sensitive areas could well prompt a violent response as a matter of routine.

"The police must clearly be alive to the possible consequences of their actions in such areas but the law must continue to be enforced. Failure to enforce the law can be just as certain e recipe for a riot as heavy-handed policing or abuses of power," be said.

Sir Lawrence said that, unless rioters were distanced from the police, the nature and frequency of injuries sustained by police officers would quickly become unacceptable. Baton rounds provided the kind of "cordon sanitaire" oeeded between rioters and police.

He said that the petrol bomb was now accepted by many disorderly elements as a legitimate weapon of first resort in confrontations with the police.

The 1985 riots all occurred in inner-city areas of high ethnic concentration afflicted by high unemployment, Sir Lawrence said. They were difficult areas to police and since the 1981 riots the police had put much effort into improving relations with the local communities.

It was a metter for concern that further riots had occurred in spite of these efforts, he said. But the root feelings of alienation and disillusion among militant sections of inner city communities were largely beyond police influence. He blamed parents and teachers for often failing to instil any basic sense of discipline into young people.

● A much higher proportion of Britain's black population is in jail than that of the Asian and white population.

For the first time the Home Office has published its analysis of the ethnic origins of people in prison or on remand.

About 8 per cent of the male and 12 per cent of the female prison populations were of West Indian or African origin, although they comprised only 1 per cent to 2 per cent of the population in England and Wales. Blacks made up about 10 per cent of the remand population, 7 per cent of the adult male sentenced population and 8.5 per cent of sentenced young male offenders.

TUC in move for talks over Wapping

By Helen Hague

ELECTRICIANS and journalists working at News International's plant at Wapping, east London, will play a crucial role in the latest strategy backed by the Trades Union Congress (TUC) to end the 21-week dispute over the plant.

Mr Norman Willis, TUC general secretary, yesterday made a formal request to leaders of the electricians' union, the EEPTU, and the National Union of Journalists (NUJ) to use their "best endeavours" with their members at Wapping to briog ebout a resumption of talks between News International and the print unions.

About 5,500 printworkers were sacked when they went on strike over the move by Rupert Murdoch's company to Wapping.

His request, made at a meeting of leaders of the five unions involved, was endorsed by Mr Eric Hammond, general secretary of the EETPU, and Mr Harry Conroy, general secretary of the NUJ.

They both agreed to act "speedily and positively" on Mr Willis's request and to maintain "detailed and direct contact" with him.

Yesterday's meeting – ettended by leaders of the EETPU, the NUJ, Sogat '82, the National Graphical Association (NGA) and the Amalgamated Engineering Union – was designed to agree a fresh strategy in the wake of sacked members' rejection of the company's £50m compensation offer.

News International has stated it will not reopen talks as that offer was final.

Barristers plead against reform plan

BY ANDREW TAYLOR

PROPOSALS TO end the historical demarcation between solicitors and barristers and allow solicitors to appear in any court as an advocate, were rejected yesterday.

The Senate of the Inns of Court and the Bar, which represents 5,400 barristers in England and Wales, said the proposals – part of the Law Society's ideas to reform the legal profession – were flawed and ill-considered.

It said that it was content with the present system under which solicitors are allowed to appear in lower courts but can represent clients in the High Court, Court of Appeal and Crown Court only in formal or undefended actions.

This week the Senate meets in London to vote on moves to reorganise itself in response to the mounting pressure for change in the legal profession.

A. H. Hermann writes: A faster and cheaper alternative to suing solicitors for negligence will be provided for dissatisfied clients under an arbitration scheme launched yesterday by the Law Society.

It opens the possibility of settling small claims, which can be decided without a hearing, on the basis of written submissions for a fee of £40 plus VAT.

The scheme will not help clients who have major complaints, however, and even those with small claims which do not require oral hearings will be able to use the scheme only if the solicitor concerned and his indemnity insurers agree to arbitration.

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THE ARTS

Exhibitions/David Piper

19th century artist's hall of fame

The work of most artists in Northern Europe in the mid 19th century (other than the Dutch and Flemish) has heen slow to attract attention ahroad, and it is only in the last 20 years that German art of tha period has aroused interest in Britain, starting perheps with the rich German representation in the major Council of Europe Exhihition on the Romantic Movement, in 1959.

The German holdings in museums in Britain, whether of paintings or of drawings, are atill very meagre. This is strange, as the strongly linear German tradition, especially in portraiture from Dürer and Holbein onwards, would seem to he very sympathetic to a dominant linear quality persistent in English art. However, the loan exhibition in the Fitzwilliam at Cambridge in 1984 of drawing by Menzel was the first in Britain dedicated to tha work of a 19th century German dreughtman; it is now followed at the Goethe-Institut on Exhibition Road by "19th Century Society Portraits, Drawings by Wilhelm Hensel" (until 21 June).

Following the London showing, the exhibition will be sbown at the Ashmolean, Oxford (July 1-August 24) and et Oldham (September 11-October 27).

Hensel must he a new name for most of us. He was a prolific, technically accomplished and successful Berlin court painter from ebout 1820 until his death in 1861, but it is not his rather academic paintings that have proved to be his memorial so much as the small-scale album portralt drawings that his indefatigahle pencil produced throughont his career. Of these the Nationalgalerie in Berlin bouses over a thousand; the present loan thence aelects e modest 84, chosen to illustrate especially his relationships with British subjects, with the closely interrelated royal families of Prussia, Hanover and England, and very notably with musicians.

Wilhelm Hensel's portraits of Luigi Lablache and Caroline Norton

Hensel was Felix Mendelssohn's brother-in-law, and the Hensel homa in Berlin for many years was the scene for brilliant Sunday afternoon musical performances. The range of the artist's sitters embraced not only his in-laws of the Mendelssohn-Bartholdy family, but some of the cosmopolitan stars of the musical galaxy. Here is Lizt, displaying a romantic Byronic profile; Jenny Lind the legendary Swedish Nightingale, and her rival Giulietta Grisi; Paganini, sharp and aomewhat knowlingly dishevelled even if not quite matching the impression ha made on Fanny Hensel, of one having "the appearance of e demented murderer and the movements of an ape."

Hensel made only two trips to England, in 1838 and 1843; for the second one be was armed with a royal commission from Prussia to portray the English royals. Thence come a rather charming young Victoria; an intent Prince Albert; and two of the Infant Prince Albert Edward in e loose lacy shift. In the letter, it is hard to discern an embryonic King Edward VII. In one of them he appears garlanding a haughtily disdainful, and very Prussian looking eagle with flowers—a rash gesture, one would have thought. A view of Prince Friedrich Wilhelm, likewise as infant, offers a sideways glance and e twist of lip that might be construed as cynical, but hardly enough to suggest that the little lad will grow into Kaiser Wilselm II of World War I.

The English aristocracy is well represented, not only from meetings in Hensel's London visits, but from encounters with the grand-touring milords at places like Marienhad, Baden Baden, Rome, and, indeed, Berlin. The exhibition is strong also in likenesses of some formidable English women of the period, and not only of great hostesses hut also of highly talented writers: the notorious Caroline Norton ("the Byron of modern poetesses"); Anna Jameson, prolific, tireless populariser of art; Amelia Opie, feminist novelist; the future Lady Schreiber, translator of the Mahinogion, and dedicated connoisseur and collector of porcelain.

The fashion for pencil or charcoal or pen-and-ink portraits established itself firmly in the nineteenth century, but in a variety of modes. Hensel does not compare with the lapidary precision of Ingres in his drawings, nor with the brilliantly incisive characterisation in Maclise's portraits of authors for Fraser'a Magazine; nor with the larger scale heads for framing and display by such as George Richmond in mid-century, and later by Sargent, for that matter, and rather differently by Sir William Rothenstein.

Hensel'a subjects were captured purely from his own fascination and for his own pleasure, and mostly retained by himself in albums. They have however now proved to be e very rewarding cache in the surviving portrait archive of Europe at the time. In that context it is interesting to note incidentally another German artist who settled permanently in London: George Scharf, a charming watercolourist hut of landscapes and townscapes rather than portraits.

George Scharf had a son of the same name who grew up to become an English knight, so elevated for his work as founding director of that most British form of public museum or gallery, the National Portrait Gallery.

Hensel's line was sensitively descriptive rather than with the more masculine and sinewy attack of some his now better remembered compatriots. His early drawings can be of extreme but most economic linear delicacy. In later life he tended sometimes to work them np more substantially in light and shada with a very soft pencil. There is no satirical accent, at least not consciously, and youth hlooms for ever unhlemished by time and age. There is not a wrinkled skin in sight and Amelia Opie's image is alone in suggesting that the suhject might have a weight problem.

Undoubtedly, flattery is present. The male coiffures, hair and whiskers, are luxuriant but craftily arranged. The women all have gaucous eyes, large in relation to the featurea. Figures can swell from a wasp weist through nobly ample femininity to the snowy slopes of superb shoulders. They may recall ona of George Richmond's benign remarks in a discussion of the necessity of Truth in art: "The truth, yes!" said Richmond, "but the truth lovingly told."

To imply from this that the exhibition is of a saccharine sweetness would be very misleading. The individnality of characterisation, the variety and expressiveness of pose that Hensel sustains throughout his work ea portraitist compel attention and his mastery of his medium is a constant pleasure to the eye. The lively biographical notes on the sitters, in the catalogua by Dr Cécile Lowenthal-Hensel, illuminate further a very enjoyable excursion into the aristocratic, intellectual and artistic society of the time.

A Midsummer Night's Dream/Covent Garden

Max Loppert

The new production of Britten's *Dream* for the Royal Opera is hased on the 1980 staging hy the now-defunct English Music Theetre. It is et once a successful big-house show, and an essentially trivial one. This is not the contradiction it may appear to be: for an opera first given in the tiny Aldehurgh Juhilee Hall needs some degree of decisive "selling" in any much lerger theatre. This the producer Christopher Renshaw and designer Robin Don have achieved with considerable skill—the opera came across more glossily in Tuesday's performance than it has in many of the previous 45 in thia house. But, at the same time, some of the most important and admirable things about the work go missing.

There is a strong "design concept" to the show. Strip curtains at front and hack catch jewelled light-reflections; perforated-metal cutonts are trollied from side to side; a central iron triangle with articulated segments slides back and forth (with, until the end, greater fleetness and less noise than might have been feared). What was intended was e modern semi-abstraction of the enchanted wood; what hes been provided is a collection of very striking and easily palatable stage pictures. As decor, and in conjunction with stylized costumea of hright liquorice-allsorts bue, Don's sets carry consistent appeal of a last-gasp-of-the-sixties kind—it's the kind of decor ballet audiences in this bouse have been taking in their stride for years (but then Royal Opera audiences are treditionally the last word in *arrière-garde*).

Mark Rylance and James Bowman

But as an image for the poetic nexus of the play and its musical equivalents, the setting hardly begins to measure up. One of the triumphs of Britten's operatic working is its quick, concentrated placing (through harmonic and textural symbolisation) of layers and levels; but here these function in e vacuum, for visually everything is the same, and "magic" and "reality" are casually blurred. Perhaps the feeling of elegantly mechanised shallowness is increased by an energetic but very lazy presentation of characters: loads of quick visual gags and japes with props (Helena with glasses, Hermie with teddy bear, mnch bounciness among the hard-handed men), little real observation or discernment in detail.

Scenes that should cut through their comedy to the psychological quick — Tytania's courtship of Bottom, the falling-out between the young girls — slip past without even grazing. The mechanicals' play, in any case the weakest point of Britten's score, degenerates swiftly into revue. There should be praise for the expert massing of boys end for the fluent physical mastery shown by all on stage over so complicated a climbing frame. That said, I think that of the *Dream* productions I have seen this is easily the most superficial.

The cast is of high (and mostly proven) quality, and should heve made a far more telling impact. Ensemble sense has yet to develop; only a handful of standout contributions rise above the generalised enimation. James Bowman's Oberon, not always beautiful to hear but phrased with wonderful poetic awareness, is one of these—his immense experience in the part sees him through. Alexander Oliver lets rip a busty, zesty Flute-Thisbe, a terrifically unabashed dancer. Mark Rylance, a Puck humorous, fantasticel, sinubus, and deliciously grandiose with the text, is perhaps the hero of the evening.

For the rest, a catalogue of relative disappointment. Lillian Walson (Tytania) and Felicity Lott (Helena) are both notably less effective than in Peter Hall's great Glyndebourne production. Stafford Dean's Bottom, vocally peerless, seems both showy and self-conscious. Among the quartet of lovers only Kim Begley's Lysander suggests eny kind of theatrical imagination. The conductor, Roderick Brydon, has taken evident pains to prevent the score from evaporating—those potentially thin first 10 minutes passed off with less accident than usuel at Covent Garden. But on this occasion he struck me as a careful *Dream* exponent rather than a convinced one—much of the musical charm and freshness appeared to have drained awey.

Swamp/Sadler's Wells

Clement Crisp

I am told that "Swamp" is one of the milder soubriquets applied to the hepless George in *Who's Afraid of Virginia Woolf?* This may explain the use of out of focus frame-shots from the film of Albee's play as occaslonel background to Micheel Clark's *Swamp*, given its first performeoce hy Ballet Rambert on Tuesday night. The reletionship of the drama to the demure choreography is otherwise hard to discern. The dance ection is set for four couples; its manner is generally rather lethargic, concentrating upon stretched lines of bodies in brown leotards by Bodymap, matching the dull reverherations of Bruce Gilbert's electronic score.

There are moments when the sound rises to that nerve-testing level when ear-plugs ere essential — the start of the piece is deafening — hut in the final section, as the score batters the aenses, does Mr Clark's movement acquire a frantic and compelling energy. The piece is notable, though, in its avoldance of any of those gimmicks and vulgarisms that have so decorated his earlier pieces. In *Swamp* the dance does it joh unaided, and it shows this young artist getting to first grips with the real task of the choreographer — the creation of expressive or dynamically illuminating steps.

Mr Clark's shedow was also cast over the succeeding *Soda Lake*. This is a contemplative solo which Richard Alston made for him in partnership with Nigel Hall's austere, sculptural shapes inspired hy the vast speces of the Mojeve desert. Merk Beldwin's performance was eloquent, missing something of Mr Clark's heauty of line but compensating for this with a musculer weight and a density of presence which gave e remarkable sense of emotional purpose to a brief hut very effective solo, danced in silence.

This second programme of the Rambert season, which ended with Robert North's *Deoth and the Maiden*, elso hrought Richard Alston's *Dangerous Liaisons*. I reported with admiration on this piece when it was shown last summer in the Battersea Park Tent. Seen now, within the vastly preferahle conditions of a theatre, it looks more taut and more purposeful in its realisation of Simon Waters' electronic score. Mr Alston's acute response to varieties of sonority produces dancing which displaya a fine edge of nervous energy set against quieter and more contemplative writing for hia two trios of dancers. The choreography constantly cballenges its cast and the viewer, and is constantly exciting: it is a major and most welcome addition to the repertory.

Music in Naples

William Weaver

Concert performances of opera ere not an Italian institution. Italy's opera houses and its ever-increasing number of festivals take pride in their sumptuous productions, their adventurous staging, their resourceful programming. But in these times of economic stress the concert (or, as the Italians say, *oratorio*) performance of works that merit a hearing, even if they are unlikely to enter the repertory, represents an ideal solntion. And so critics and musicologists from various parts of Italy gathered recently in Neples for the first modern revival of Liszt's only completed opera, *Don Sanche*, though it was presented withont benefit of sets or costumes or prodncer's fancy.

The work, written in 1825, when the composer was 13, certainly deserved revival, but the San Carlo was probably wise not to invest heavily in it for, despite its undeniable charm, *Don Sanche* is unlikely to become a great favonrite with opera impresarios. Described es an *opéra-féerie*, it is in one long ect and contains not only a graceful hallet hnt also other standard ingredients: a storm, a funeral marcb (tbe hero, of course, it not really dead), and some military flourishes.

The San Carlo orchestra played generously for the Hungarian conductor Temas Pal, and the chorus of Radio Budapest sang well, imparting the proper French lightness to the flimsy text, a tale of conrtly love. The French language gave the principal singers more trouble; only Julia Hamari, as the loving but misguided Princess, sang with real understanding, and with beaoty of tone. Still *Don Sanche* pleased, and singers interested in expanding their concert programmes might well have a look et some of the arias.

This presentation, merking the centenary of Liszt's death, was given as part of a relatively young Neapolitan festival, the *settimane musicali internazionali*, now in its fonrth year. These international music weeks have actually developed from en older local institution, an annuel festival of chamber music whose protagonist bas been—and still is—the violinist Salvatore Accardo, a local son.

Every year Accardo collects a group of excellent musicians, many of them old friends: and over a period of a couple of weeks, they rebearse e wide but select repertory, which they then perform in a series of recitals. Dnring the day, the public can follow rehearsals, informal and delightful, then hear the finished product in the evening.

At a typical concert Accardo played an unpublished trio of Debussy (composed at age 18, and already recognisably Debussian) with familiar Italian colleaguea the pianist Bruno Canino and the 'cellist Rocco Filippini. Then another group played a Dvorak quintet, followed by the Ravel violen and 'cello duet (Sylvie Gazeau and Peter Wiley, both excellent), then Accardo and Filipinni joined the violinist Margaret Batier and the violist Toby Hoffmann in a penetrating performance of the Debussy Quartet. Music-making on a high level.

At its best the San Carlo orchestra can do a good job, hnt the Naples audience is starved for symphonic music really well played. The *Settimane* now regularly invite visiting orchestras to fill this musical gap in the city's cultural life; and the most recent visitor was the Royal Philharmonic, conducted by Vladimir Ashkenazy. In the second of their two concerts, Accardo appeared as soloist in the Sibelius Concerto. His elegant reading was epplauded warmly, bnt then bis encore—the Paganini Variations on Paisiello's "Nel cor più non mi sento"—hrought down the house. The ovetion was, of course, a tribute to Accardo the musician, but it was surely also an expression of gratitude to Accardo the impresario of this festival that is taking its place among the most important and most pleasurable events on the Italian musical calendar.

Rusalka/Coliseum

Richard Fairman

It was the world of Hans Christian Andersen that drew Dvorak to *Rusalka*. In Devid Pountney's modern, humanised English National Opera production, one might regret that the "magic end mystery" of the fantasy that he foresaw with its weter-nymphs and woodland settings has been banished so decisively; hut this revival, keeping to the central figures of the cast the opera had when it was new, shows once again what a powerful evening of theatre has been put in its place.

All the feelings of a post-Freudian era heve been unlocked from the piece. There are, of course, many producers who have tried a similar sort of thing with other operas of myth or fairy-tale (especielly those of Wagner). Bnt few have chanced upon an outcome as striking as this. For Pountney has found relevance in every detail of his idea, from the child's toys to the parents' clothes hanging in the wardrobe. Is the intimation here really that Rusalka might bave a father fixetion?

To the thrust of these new ideas the opera responds with unexpected reserves of emotional power. What e marvellous score this is: there are points wbere each phrase seems to bring fine new material, the melodies all memorahly shaped and steeped in sympathy for the action and its characters. Mark Elder's direction of it was as clean and incisive as before. Some romance might he added, a few tempi made more malleeble, yet he unleashes the full dramatic force of the work with unerring skill.

Eilene Hannan as Rusalka

He is also fortunate to retain Eilene Hannan in the title-role. As Pountney's freil girl on the threshold of adolescence, she once again gives e wholly compelling dramatic performance. Every glance seems filled with meaning as she stends there, shoulders nervously bunched, eyes darting from side to side. If only the vocal side was its match. But, as at the last revival, she makes the very production of the voice sound effortful to e pert which precisely calls for liquid, free tone.

There is some disappointment in the singing of the other roles, too. Of the newcomers, Rodney Mecann makes a strong effect as the old Water Spirit (or grandfether), but Phyllis Cannan's Princes is not elways sure in focus and Ann Howard's sedistic Jezibaba, beard last time, is on the metallic side.

In John Treleaven's Prince, the production has, as before, a rather ungainly ector but on the whole some good, strong, straightforward singing. His final duet with Rusalka remains the high point of the evening. Vocal problema can (almost) be forgotten, when a scene comes across with this sort of intense feeling and commitment: the whole opera is one of the company's finest achievements, a production of immense humanity—not as Dvorak may have intended it, but enriching and mesmerising nonetheless.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

June 13-19

Exhibitions

PARIS

From Rembrandt to Vermeer: 60 chefs d'oeuvres oo loan from the Mauritshuis trace a panorama of 17th-century Dutch painting with Vermeer's View of Delft with genre paintings, still lives and landscapes. Grand Palais. Ends June 30. (4261 5410).

Hispano-American Silversmith's work: The 150 exhibits oo loan from the Buenos Aires municipal museum cover three centuries and are the result of the combination of the legendary riches of the Peruvian mines with the exuberance of colonial craftsmanship. Silver – beaten, chiselled, filigreed – accompanies everyday life. For the gaucho there are silver stirrups and cruel looking spurs. There are delightful perfume-burners in shapes of animals and *maté* cups for traditional herbal infusions decorated with endlessly inventive flower motives. As for liturgical objects, religious fervour tends to make the ornate baroque style rather overpowering. Louvre des Antiquaires, 2 Place Palais-Royal (4297 2700). Ends Sept 6.

LONDON

The Royal Academy: The 218th Summer Exhibition – the art exhibition for too long held to be of more social than aesthetic importance has, over the last 20 years, returned to its rightful place at the centre of the British art world, neither avowedly avant garde nor at all academic, in any perjorative sense, but simply seriously professional. Newer members include David Hockney, B. B. Kitaj, Eduardo Paolozzi and John Hoyland, all exhibiting this year. With the open submission, the exhibition adds up to nearly 1,600 works of all kinds.

WEST GERMANY

Bayreuth, Iwalewa-Haus, Münzgasse 9: Art and Culture from the Congo and Zaire. About 300 paintings, cult and practical objects from the Colonial period to today. Ends June 29.

Esslingen, Galerie der Stadt, Villa Merkel, Pulverwiesen 24: Art from East Germany in the 80s. Paintings, graphics and plastics. With 185 works by 37 different artists, the exhibition offers an impression of East German modern art. It is the first major exhibition by East German artists in West Germany. Among the painters exhibited are Gerhard Altenbourg, Hermann Glöckner, Angela Hample, Hubert Giebe, Willi Sitte and Bernhard Heisig. Ends June 29.

BRUSSELS

Musée Royale d'Art et Histoire: Taiwan-based painter Wong Liu-Sang. 40 paintings, of which 10 are by his pupil Chen Sian-Nan form this painter's first European exhibition. The artist will demonstrate traditional Chinese painting on June 18. Ends June 29.

ITALY

Venice: Palazzo Grassi: Futurism and Futurisms: Fiat opens its art centre on the Grand Canal with the largest exhibition to be devoted to the Futurist Movement, a movement born in Italy, and the first to exalt technology, and to try to convey speed on canvas. More than 300 works have been lent. The paintings are mainly from 1909-18, but there are also sections devoted to literature, theatre, music, architecture, fashion and furniture, showing futurism's influence up to 1930. Ends Oct 12.

NETHERLANDS

Amsterdam Historical Museum. Cor Jaring's photographs of Amsterdam in the restless 1960s, from Provos to dockworkers, happenings to street markets, and an eventful royal wedding. Ends June 22.

SPAIN

Madrid, References and Identities. An encounter of prestigious international artists welcoming the inauguration of a new art centre in Madrid: Centro Reina Sofia, Santa Isabel 52. Ends Sept.

Barcelona. Max Ernst retrospective includes 125 works of the dadaist and surrealist painter. Fundacion Joan Miro, Parc Montjuic. Ends June 29.

NEW YORK

Japan House: Burghley House, with the earliest known record of Japanese porcelain in Europe, provides a touring exhibit that will visit the High Museum in Atlanta and then Japan through 1988 with 205 Japanese and Chinese objects dating from the 16th to the 18th centuries. Ends July 27.

WASHINGTON

Hirshhorn Museum: 75 works of the California sculptor Robert Arneson presents the glazed ceramics he pioneered in what became the Funk movement in the 1960s with its irreverent view of other artists, contemporary artefacts and art itself. Ends July 6.

CHICAGO

Art Institute: Famous as a fashion photographer, Richard Avedon undertook a five-year project to capture the American West in the tradition of nineteenth-century photographers such as William Henry Jackson. The results are "a fictional West", Avedon claims, with outsized portraits of Americans ranging from a rattlesnake roundup to county fairs. Ends August 3.

TOKYO

Tang Three Colour Glazes: Ceramic vessels and figurines excavated from burial mounds of the Tumulus period in their characteristic brown, green and blue glazes: Idemitsu Art Gallery, 9th floor of the Kokusai Building, above Imperial Theatre. Ends July 6.

NOT ANOTHER P.R. COMPANY

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PHOENIX PUBLIC RELATIONS LIMITED

Saleroom/Antony Thorncroft

Beautiful girls rule

In 1984 the National Gallery held a loan exhibition which, for the first time, opened the eyes of the ert world to the "Golden Age" of Danish painting, the early decadea of the 19th century. The show, a selection of the best from Copenhegen, bad an immediate effect on the price of the Danish pictures, especially those of Christen Kobke, perhaps the greatest artist of the period.

On Tuesday night at Sotheby's the National Gallery, bidding through dealer Hazlitt, Gooden, Fox, bought its first Danish painting—*Figures on the Nordre Kastelsbro at sunset*. It paid £286,000, e record for any Danish picture. It was hy Kobke, and in fact, e preliminary sketch had appeared in the 1984 exhibition.

The price wes eround three times the forecast hut in line with the mucb stronger demand that was apparent for 19th century pictures. The saleroom was huzzing, the only weak area being orientalist subjects, probehly because of the fall in the oil price. The auction totalled £3,173,500, with 23.5 per cent nnsold.

As usual beantiful girls rule, and a potrait by Tissot, *The Rubens hat*, for which the artist was inspired by a Rubens portrait displayed in London in 1872, sold for £308,000, way ebove a cautious forecast. Another attractive girl to do well was the dreamy heroine of *Musk* hy Albert Moore. The price of £154,000 was en auction record for this artist.

In contrast *A portrait of a young man* by Gericault went to the New York dealer Wheelock Whitney for £275,000, but another beauty *Eucharis* by Lord Leighton, a girl balancing a basket of fruit on her bead, sold to Agnew for £154,000. A Corot, *Cattle in watermeadows* was on target et £132,000.

As in many saleroom markets demand was only strong for the finest pictures, and this was emphasised in yesterday'a continuation auction of lesser 19th century pictures which made £762,190 in the morning session with a hefty 35 per cent unsold. Top price was the £44,000 paid for another Corot, *Two figures in a punt*, while *A little girl with a straw hat* by Jacques Blanches fetched £37,400.

Sotheby's elso disposed of scientific instruments. A C. W. Dixey microscope made in Bond Street in 1840 hut recently acquired in Melbourne, Australia, for A$800, returned to be sold next to its hirthplace for £9,900, to Goodwin, the London dealer.

A very rare astrolabe, made around 1300 and previously unrecorded, went for £31,900, at the bottom of its estimate. At the end of a lengthy catalogue note Sotheby's concludes that "it was made in France by, or for, a Jewish astronomer, who later travelled to, or lived in, a Greek-speaking community in Italy or Asia Minor."

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MANAGEMENT: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

A precocious player on the world stage

Feona McEwan on Wight Collins Rutherford Scott

WHEN Wight Collins Rutherford Scott takes over its new building in London soon, one of the features will be a gym. For the hyperactive advertising agency that has been trying to shake loose its "sweat shop" image — so-called because of the demands made on its workers — this is an ironic touch. Yet, in many ways, the gym sums up what makes the agency what it is. Energetic to the point of exhaustion and imaginative, too.

"We hope that when you come through the door yon are hit by a wall of energy," says founder Robin Wight, an irrepressihle livewire whose penchant for publicity is matched by his addiction to bow ties—he has more than 100. His avowed intent to live life at the double and end up like a battery, worn ont, reflects too the WCRS overdrive ethic.

Last week the agency, the hirth of which in 1979 marked the emergence of a new breed of British advertising entrepreneurs with creativity as their core, moved into the big time. Its acquisition of HBM Creamer, America'a 24th largest agency, with offices in New York, Boston and Pittsburgh (with gross billings of $310m for 1985), has doubled tbe size of the group and moved it up a gear from domestic botshop to international force.

The move into America underlines a new and growing trend of British agencies stalking and winning US shops. Historically it has been very mnch the other way around.

WCRS has been precocious from the start. Born in radical style (seven years, two months, 22 days ago, says Wight) without a client, an office or a workforce, the four founders — two established creative talents, one dynamo and one unknown accountman — rented a room at £100 a day in the Grosvenor House Hotel.

Now worth some £3m apiece, the famous four have an agency turnover of £63m plus, are ranked around number 15 in the UK, are highly rated by the City (WCRS was the first ad agency on the Unlisted Securities Market) and with Biss Lancaster, the fast-growing puhlic relations company under its belt as well as newly acquired second-string UK agency, FCO, it is well on course to becoming the communications group it aspires to be. Other areas known to interest the group include market research, design, direct marketing and other below-the-line services.

Always tipped as a name to watch, WCRS's work tends to get noticed too. If there is no strong house style, its brand of advertising can be sald to have a strong central theme—a hard-edged message that gives a campaign mileage or "legs" to run and run.

Alan Harper

Robin Wight: not the soufflé school of advertising

Defining the agency'a approach to advertising solutions, Wight repeats the battla cry: "We examine a product until it confesses to its strengths."

This way the agency found out that Scotch video-cassettes never wore out, which led to the "lifetime guarantee" line being developed. "We're not the souffle school of advertising: super looking ads but prod them with a fork and there's nothing there."

It gave Qualcast, the lawnmower maker, its aggressive "It's a lot less bovver than a hover" campaign, now in its sixth year, and aimed at knocking rival Flymo; it unravelled the finesse of BMW engineering in a campaign oow in its sixth year; it made Bergasol suntan preparations highly visihle on a modest budget with its eye-catching two-girls'-backs-to-the-camera Press ads; as well as the Carling Black Label campaign; the knocking copy Wilkinson Sword work and the emotionally appealing Midland Bank Gulliver'a Travels commercials.

Much of the credit for the agency's rapid success has been laid at the door of the previously unsung Peter Scott, initially a junior partner. Now the group chief executive, Scott has been the architect of the group'a grand ambition to be in the top 20 agencies worldwide. He is forever redoing his five year plan, says an insider. WCRS regularly performs outstandingly in agency profitability tables.

The group's entry into the States—after more than a year's search and approaches to about 20 agencies on the East coast—is expected to be a rich seam for future growth and Scott talks of the multi-disciplinary approach it is currently adopting in the UK being replicated in the US in time.

The spread will be geographic as much as across disciplines. Now the group is evaluating the west coast of America and Japan, possibly a joint venture which would recognise the importance of the Pacific basin with its sizeable English-speaking market.

The Creamer takeover is the old-fashioned sort, says Tim Breene, group deputy chief executive, who was winkled out of McKinsey, the international management consultants ("the partners there thought I was off my rocker."). Unlike Saatchi & Saatchi, which makes a substantial slice of payment dependeot upon future performance. WCRS is paying the major part—$42.2m—of the purchase price initially, with only $7.8m deferred. Breene talks of "skills transfer" (the idea will be to ginger up Creamer's creative profile and adopt some of its more sopbisticated research techniqnes for example) and of adding real value. And of conrse thev are hoping for cross referral of clients.

The industry may question the union (HBM Creamer lacks WCRS's dynamic profile) but Wight is confident. In two years it will be a creative leader in the US, he predicts.

The City apparently approves. Shares were suspended at £4.68 just before the deal was announced and have risen to £4.90 since—"signs of their moving into a different league." says Paula Shea, analyst with stockbrokers Hoare Govett.

Besides its advertising activities, HBM Creamer has a valuable public relations arm. Creamer Dickson Basford, (Procter and Gamhle is a client) which brings in 20 per cent of Creamer's profits. Pretax profits to the year end 1984 of $3.8m are expected to treble by the end of this year and billings up $110m to $400m for the same period.

WCRS believes likely fallout from the latest wave of mega-mergers will favour middle-sized agencies—which it now is. Such mergers are not always in clients' best interests, Wight believes.

WCRS has not been too careful of its own staff's best interests in the past. "We were so busy running fast," Wight now says, "that we didn't have enough time for personnel management issues." Now they are working to improve this.

"I'm not sure I'd like to work in the agency," said one analyst, "but I'd love to put money into it."

The coutinued challenge, as Wight sees it, is to maintain the energy level and avoid "management arthritis. Make sure you doo't turn ont like the agencies you left behind," he tells the troops.

Dixon's Stanley Kalms (left) and Geoff Mulcahy: players in a £1.8bn contest

Whose is the magic formula?

David Churchill assesses the marketing strategies in the Woolworth-Dixons battle

WILL IT be Woolworth's "Operation Focus" or Dixons' "Operation Ramrod" that determines the shape of retailing in over 800 UK High Streets in the late 1980s?

These two different marketing strategies are at the beart of the current £1.8bn bid battle launched nearly three months ago by the Dixons Group for Woolworth Holdings.

The ultimate outcome of the bid—which will be decided by the end of the month—may rest on what a handful of key institutional shareholders who control the bulk of Woolworth shares believe is the most realistic retail formula for the Woolworth chain in the current trading environment.

Will the carefully built up, tried and tested, strategy of the Woolworth management over the past three years offer sufficient guarantees of future performance? Or will the injection of Dixons and Currys shops into Woolworth stores and the application of "retail engineering" the favourite phrase of Dixons' chairman, Stanley Kalms—be enough to persuade the key players?

The fact that anyone should be fighting over the Woolworth chain at all would have surprised many people in late 1982. The company was in an appalling state: over-stocked and poorly managed, with inadequate stock control, unsuitable merchandise, and dowdy stores.

The decline of the once-famous Woolworth chain, founded by Frank Winfield Woolworth in 1909, had been in evidence for many years and the US parent company was only too willing to free itself of the UK millstone. Woolworth was acquired for some £315m by a financial consortium which believed that sound management might succeed in turning the Woolworth giant round.

To many it seemed almost a Mission Impossible. "Our task was to create order out of chaos, to rebuild a customer-led culture, and to inject retail flair," recalls Geoff Mulcahy, one of the new team of managers brought in then and now the group chief executive.

The initial approach was simply to clear out the deadwood in the operation and instigate some basic "good housekeeping" practices. Subsequently, Mulcahy and his colleagues worked on a new retail strategy, called Operation Focus and unveiled in detail shortly before the Dixons bid emerged.

The strategy is twofold. First, Woolworth is concentrating on six key areas: childrenswear and toys; gifts and sweets; audio and video; bome and garden; kitchenware; and cosmetics and fashion accessories.

These six areas represent total retail markets of about £20bn; Woolworth at present has sales of approaching £1bn in these markets.

Second, analysis of its stores portfolio identified two types of store: 200 or so larger outlets in major towns competing with the leading UK retailers, and some 600 smaller stores in small High Streets. The trading format developed, therefore, is for the larger stores to be called Weekend Woolworths and the smaller ones to be branded under the name Woolworth's General Store.

Dixons' strategy, with the macho name of "Operation Ramrod," is to put new Currys and Dixons stores into part of 230 larger Woolworth stores and squeeze the amount of selling space in the rest of these stores and in the remaining 581 smaller Woolworth stores.

Eventually, three chains will be created—650 Woolworth stores, 610 Currys stores, and 470 Dixons outlets.

The plan is to revitalise tbe merchandise in the three key areas—home, leisure, and entertainment—with Dixons and Currys selling "hardware" such as appliances and Woolworth selling the software in these areas.

Which marketing strategy stands best chance of success? Dixons has an enviahle reputation with the City for the way in which it has engioeered control of its stores and taken full advantage from turning round the rather morihund Currys cbain over the last 18 months.

But Dixons and Currys combined only gives it 1.4m sq ft of selling space to look after; adding on the 7m sq ft from Woolworth (apart from the extra responsibility of the B and Q diy subsidiary) could severely stretch Dixons management resources.

Althongh the Dixons management say they already know wbat they will do to each Woolworth store—and plan to make changes rapidly if they win—the acquisition would still represent a quantum leap in the dark. Knowing what to do from the outside is a lot easier than actually doing it in practice.

Some City analysts also are worried that turning 2m sq ft of Woolworth space in Dixoos or Currys outlets may leave Dixons over-exposed in electrical retailing especially since there are fears that growth in this market may be slowing down.

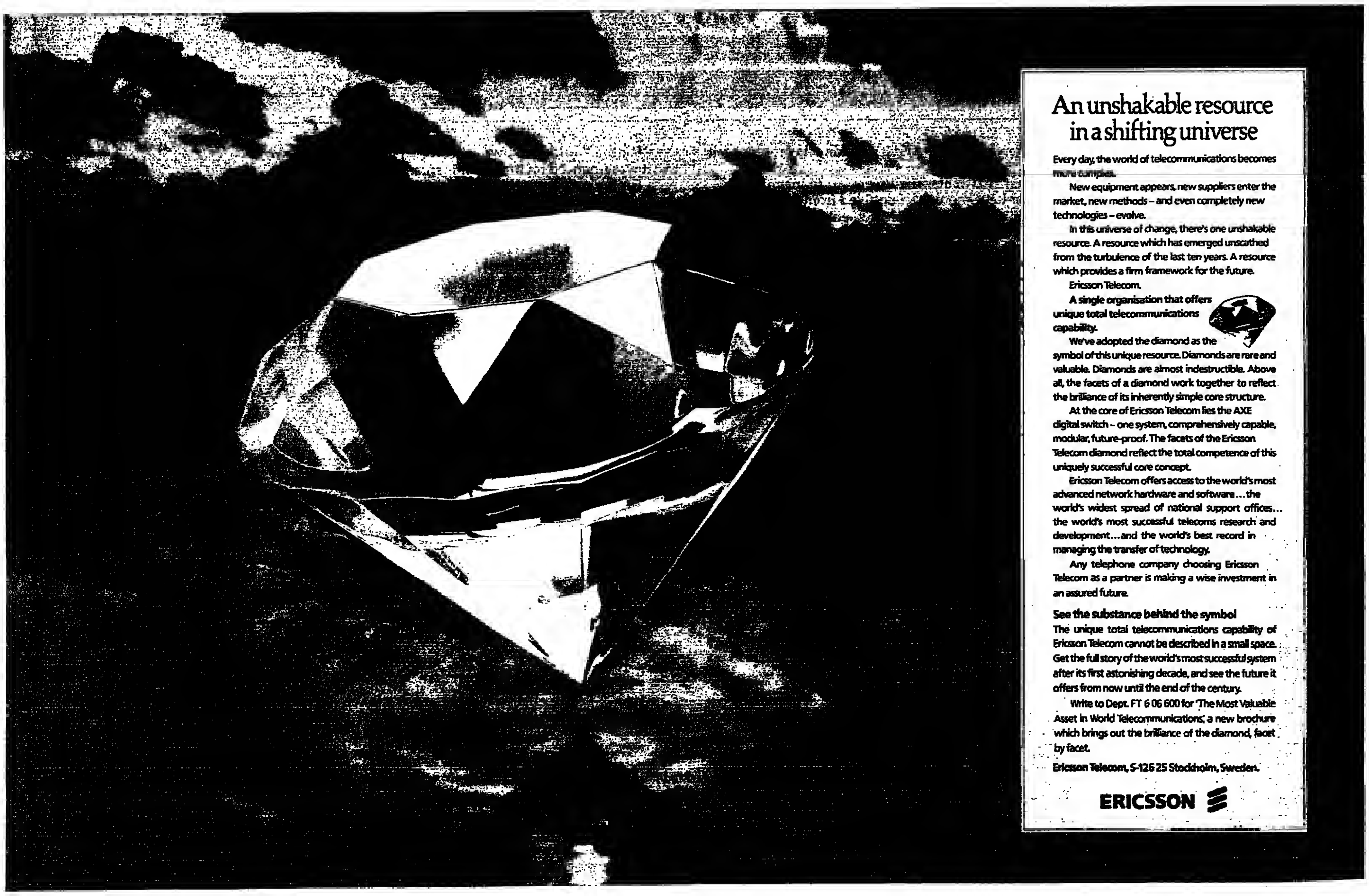
Mark Souhami, Dixons' group managing director, shrugs off these criticisms. He helieves that demand for electrical goods of all types will be fuelled by oew prodncts and further development of existing goods.

Woolworth's management appears to have a lot less to prove than Dixons with its retail strategy since it has already developed it over the past two years and is showing some signs of coming through to profits.

Research into how customers see the new stores shows that most of those surveyed believe the new stores are as good or better than any otber retailer selling similar merchandise. The average spend per head in the revamped Woolworth stores has risen from about £2 to more than £3.

The downside to this success however, is the fact that it is still at an embryonic stage. Since most stores are still awaiting the Focus merchandising and redesign development, it remains to be seen whether it will have universal appeal.

Perhaps the worst that can be said about the Woolworth strategy is that, essentially, it is rather bland—but then so is the Ramrod approach favoured hy Dixons. What is missing from the whole Woolworth saga of the 1980s is a hint of the magic that could really transform it into the leading retailer of the 1990s. But the prospect for a magician appearing at this late stage appears remote.



TECHNOLOGY: Computing

BY ALAN CANE

Near-supercomputers make the most of cheap off-the-shelf components to become the hottest market niche in the industry

'Crayettes': Punching out power at the right price

No computer manufacturer in its right mind competes directly with the industry giants. It seeks instead niche markets where a combination of innovation, modern technology and attention to a customer's specific needs can allow it to make a good living.

A good example in the late 1970s was the market for fault-tolerant computers, still dominated by the Tandem Corporation. Then there was personal computers, over which Apple reigned until deposed by IBM.

Now the hottest market niche is the near-supercomputer or "Crayette" area, where a host of manufacturers are building machines which take advantage of the latest technology and the latest processing methods to develop machines which offer a high percentage of the performance of a supercomputer at a fraction of the cost.

"Crayettes" (the Cray Corporation has long been regarded as the world's premier supplier of the true supercomputers) are possible because of two basic factors—the availability of cheap, off-the-shelf components with outstanding processing power and their application to advanced methods of computation including parallel processing, array processing and vector processing, all techniques for squeezing more speed out of the system.

Just as the minicomputer offered a useable fraction of the power of a mainframe at a reasonable price, so the "Crayette" offers enough power in a low-cost machine to carry out tasks—especially in scientific and technical research such as simulation of complex processes—which would otherwise have meant booking expensive time on someone else's supercomputer. (At over $10m a time, supercomputers are hardly common.)

So "affordability" is the first key element in the marketing rationale for building a Crayette. Convex Computer Corporation of Richardson, Texas, claims to have been the first company to make such a machine commercially available. Now a raft of other companies including Alliant Computer, Axiom Computer, American Supercomputer, Scientific Computer Systems, Vitesse Electronics and Culler (see adjoining story) are in contention.

The Convex C-1, launched two years ago, costs less than $500 and has a peak processing speed of about 60m floating point operations a second, about one quarter of the power of a Cray-1.

Designed by Steve Wallach, the corporation's vice president for technology, the C-1 replicated the architecture of the Cray in off-the-shelf technology. All the information needed was in the public domain. Now the two companies have a technology exchange agreement.

The Convex C-1 features data paths within the machine which move information 64 binary digits (bits) at a time. By comparison, mainframe computers and supermini computers move data 32 bits at a time.

Instructions are "pipelined" which means that several different instructions can be processed virtually simultaneously, making possible substantial gains in speed.

And the machine is capable of both scalar (one operation carried out on one number at a time) and vector (one operation carried out on a series of numbers at the same time) processing.

It is not, however, a parallel processor. Convex believes that approach holds promise but is still experimental.

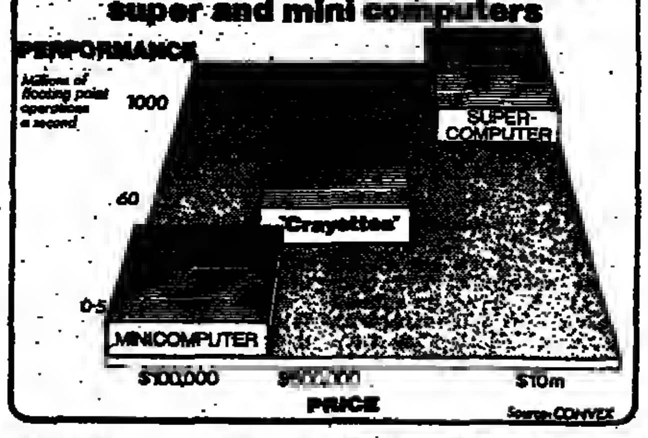
The key to affordability is the low-cost Fujitsu 8,000-gate array chips used in the machine, implemented in CMOS technology. Somewhat slower than transistor-transistor or emitter coupled logic (the kind of chips used when the designer is looking for raw power) CMOS takes little power so there is no need to build in a special cooling system or special power supply.

The second key element, however, is useability. Supercomputers are unfriendly beasts. they need a powerful mainframe computer tagged on the front just to manage their workload and enable them to perform efficiently.

The Convex team decided that their Crayette should look to the user as if it was a Digital Equipment VAX, the industry standard superminicomputer.

The Convex C-1 is already used by a host of blue-chip customers including AT & T, Boeing Aerospace, McDonnell Aircraft and Texaco. Now established in Europe, it expects to sell some 40 systems in its first year.

'Crayettes' bridge the gap between super and mini computers



Steve Wallach of Convex. Formerly designer of the Data General Eclipse MV/8000 32-bit minicomputer, Wallach was immortalised in the book Soul of a New Machine as "a walking dictionary and encyclopedia of computers."

How getting personal has cut the cost of number crunching

CULLER Scientific Systems of Santa Barbara, California, has an impeccable pedigree in high powered scientific computing. Its founder, Dr Glen Culler, is credited with the development of early array processing technologies eventually marketed very successfully by Floating Point Systems of the US.

Founded in 1969, Dr Culler's company specialised first in building customised systems for scentific and technical applications when it evolved the design concepts which have now been realised in its Culler 7 range of minisupercomputers and most recently in what it calls the Personal SuperComputer or PSC.

The PSC is not, of course, a supercomputer but it does offer substantially greater performance at substantially lower cost than the superminicomputers conventionally used in scientific and technical processing.

According to Culler executives, the PSC runs at 18m instructions a second in conventional data processing mode, or almost as fast as the two-processor model of IBM's largest commercial mainframe family, the 30/90 series, costing more than 20 times as much.

In scientific mode, the machine will run at 11m floating point operations a second. It is a long way from the 1bn floating point operations a second offered by the Cray 1, the world standard for supercomputers, but ample power for computer aided design, advanced mathematical computations and so on.

According to the company, the machine achieves high speed at low cost by incorporating four levels of parallel processing using off-the-shelf transistor-transistor logic circuitry. These are [illegible] internal processors hardwired together to enable them to operate in parallel at high speed.

The system is nevertheless easy to use because of a sophisticated front end programming facility. System software keeps an optimum balance between the parallel scalar and vector processing elements.

But these are not novel concepts and according to Mr W. Ward Davidson, Culler's vice-president for sales and support, there are four reasons why the Culler device stands out in what is becoming a crowded market sector.

"First, its architecture has staying power. Culler is not opportunistically jumping on the 'Crayette' bandwagon.

"Second, the machine matches or exceeds the performance of its competitors.

"Third, at less than $98,500 in single quantities, it costs less than its competitors.

"Fourth, it is compatible with Sun Microsystem (a top-end workstation and network system) products."

A powerful method of using the Culler machine is as a computational server (number cruncher) in a Sun network, using a Sun workstation as the front end.

Sun and Culler have already agreed to promote each other's products through a co-operative sales and marketing programme. The two companies also have a technology exchange agreement.

The PSC was announced in May this year and versions are in field tests at three undisclosed beta sites specialising in computer aided design, and physical elements simulation.

The company expects to confirm its first order in Europe within three months.

THE REAL SUCCESS IS
GEC AVIONICS
EXPORTING TECHNOLOGY

Perfect Ella and the fault-free Viper

WHAT IS claimed to be the world's first "provably-correct" microprocessor is expected to come out of the UK silicon foundries (chip manufacturing plants) at Marconi and Ferranti in the next six weeks.

The microprocessor, called "Viper," is the result of collaboration between the high integrity systems group of the Royal Signals Research Establishment (RSRE) at Malvern, Worcestershire, and Praxis, a three-year-old software house with a special interest in "mathematically proven" information systems.

Mr Martyn Thomas, chairman of Praxis, his co-directors and Mr John Collyer, head of the RSRE high integrity systems group, share a belief that today's commercial microprocessors are intrinsically unsafe.

When a chip fails, they argue, it fails unpredictably. When it works, it may not work in exactly the way its designers intended. The instruction set, the repertoire of arithmetical tricks the computer uses in all its calculations, can become corrupted and entirely new instructions, unplanned and unwanted, appear as if from nowhere.

Mr Collyer tells stories of programmers who have discovered these illegal instructions accidentally and incorporated them in their programs believing them to be valid parts of the machine design.

The new chip, Viper, is claimed to be free of any such ambiguous nonsenses. It was designed by RSRE using a special kind of program written by Praxis. This makes it possible for the engineer to design the chip semi-automatically by specifying the functions it is expected to carry out.

Called "Ella," it is a stage beyond the software known as "silicon compilers" which help in the design of very large scale integrated chips.

According to Praxis, Ella designs chips which are fault free because Ella itself, as a piece of software is fault free.

Praxis is staking its future on its claim that all its software is fault-free — "provably correct" as the software industry would say.

This is a substantial claim. Virtually all software written today has faults or "bugs" in it and it is usually left to the customer to discover them. It is the delicacy of such software that worries nuclear reactor engineers and casts clouds of doubt over the US Strategic Defense Initiative. Testing software to eliminate all bugs is not feasible, the software industry says, it is too complicated.

"Nonsense," says Mr Thomas of Praxis, something of an evangalist where it comes to software reliability. "All it takes is discipline and rigour in the software development process, together with the use of mathematical techniques for checking the results."

All of this is close to heresy in the traditional software industry, but Praxis, although only three years old, has a powerful list of achievements to underline its claims.

- It is one of only four UK-based companies — the others are British Telecom, STC, and Honeywell — to work within a quality system which meets British Standard BS5750, a signal guarantee of the integrity of its work.
- It has shoehorned Unix, the computer operating program now attracting a lot of interest as the operating software of the future, into VME, ICL's mainframe operating software.

This was a complex piece of work involving careful translation between two separate computer languages — "C" in which Unix is written and S3, ICL's operating software language. The result is now in field trials, although no dates have been set for general release.

- It is developing the management software for the implementation of Britain's new General Certificate of Secondary Education (GCSE) examinations.

Based on a distributed network of Digital Equipment VAX minicomputers, the whole contract is likely to be worth £1.5m.

Although Praxis is a "software engineering" company, it does not use any of the Integrated Programming Support Environments (IPSEs) now fashionable (see Technology Page of June 5). According to Mr Thomas: "There is not yet available anywhere in the world an IPSE which provides a properly integrated support."

He believes in traditional, good engineering practice: "It is backbreaking, it bores programmers but it is absolutely basic to reducing the risk in the development of systems on which lives may depend."

And he believes that proving programs correct mathematically is far from a pipedream.

"It is possible to demonstrate right now the mathematical correctness of programs from two to ten thousand lines in length" (about one-tenth the size of a major telecommunications or defence system), he says.

But he is realistic about his chances of seeing the Praxis brand of software engineering adopted wholesale by UK software houses: "It is a matter of corporate culture, and you can't change the culture of an organisation in under seven years. There are always reasons why a company believes it should not be a pioneer in these techniques."

Praxis is not alone in trying to develop high quality, provably correct software. The software industry's reputation will depend heavily on the ability of such companies to overcome the industry's resistance to change.

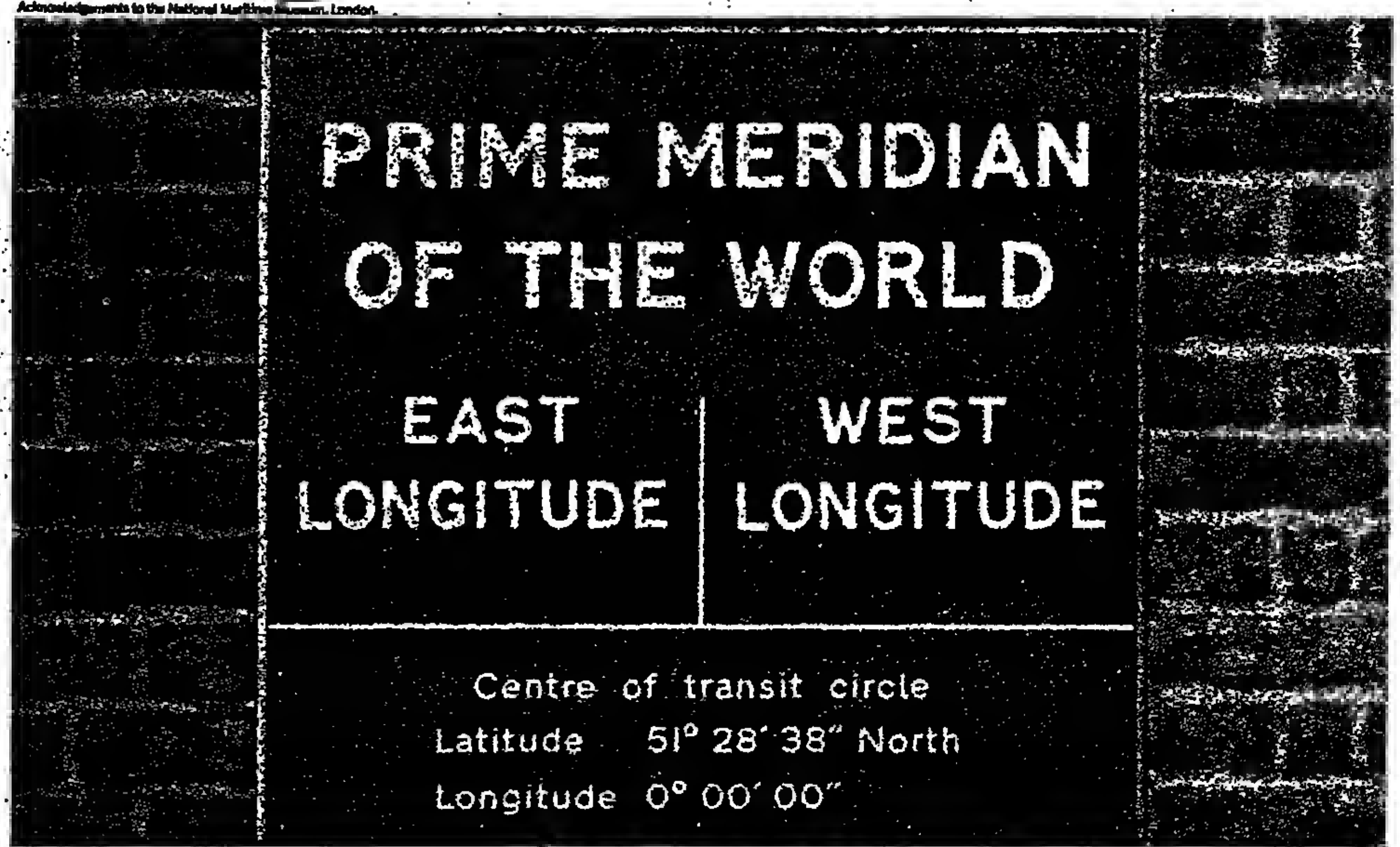
ENERGY CONVERSION DEVICES

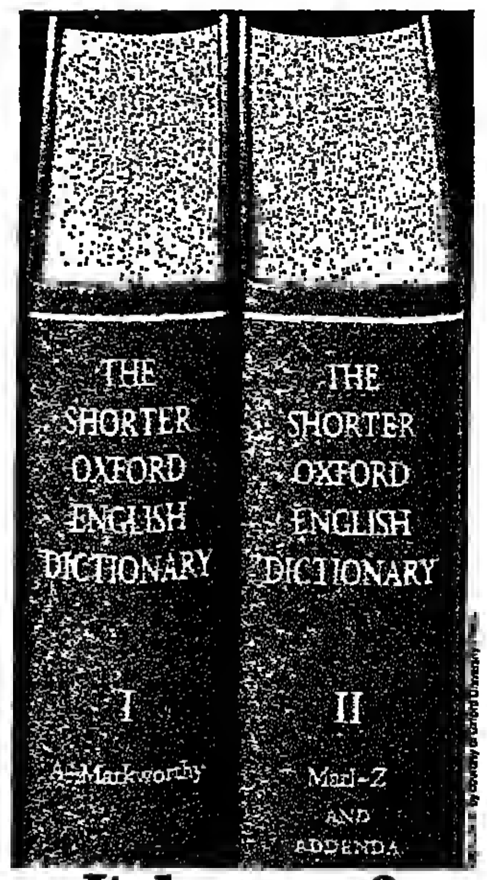
In its March 21, 1986 edition, the Financial Times published an article concerning Energy Conversion Devices of the United States and Stanford R. Ovshinsky, its President and Chief Executive Officer under the headline "Electronic Quantum Leap Is Put To The Test By Sharp." That article contained a comment respecting the quality of Mr Ovshinsky's inventions and business acumen which is hereby retracted.

The Financial Times regrets any concern the comment may have caused Mr Ovshinsky or Energy Conversion Devices.

As a world financial centre, what is London's greatest advantage?

Acknowledgements to the National Maritime Museum, London.





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Thursday June 19 1986

Botha buys a little time

THE PACKAGE of fiscal measures announced, as expected, in Pretoria this week has been coolly received even in South Africa—at best a lukewarm welcome, at worst a dismissal as purely cosmetic. Certainly no-one in the business community seems to share the confidence of the finance minister, Mr Du Plessis, that this stimulus will restore the 3 per cent growth rate achieved during 1985, though it may do a little better than restore the trend growth rate of the 1980s, of about 1.8 per cent. This is clearly quite inadequate to relieve the social pressures of rapidly growing population, and equally clearly the most the South African government can risk under present circumstances.

South Africa's economic problems are easily overlooked amid its dire and self-inflicted political crisis, but there is no doubt that Mr Botha's chosen strategy of inch-by-inch reform, difficult to achieve under ideal circumstances, has been rendered almost impossible by bad economic luck. A brief boom in the late 1970s, financed — as are all South Africa's booms — by a high gold price, served only to raise the exchange rate unsustainably high and raise expectations in the black townships which could not be realised.

Since then the weak gold price, the collapse of the market for coal, for most of the metals South Africa exports, and drought conditions coupled with weak markets in the labour-intensive farm sector have cut employment and living standards, pushed the currency from over-valuation to sharp undervaluation, and forced the Government to squeeze the economy further to protect the current account. There is a strong current surplus, but this is virtually absorbed by debt repayments under the de facto rescheduling agreed last year, and now looking insupportable.

Extra spending

Government spending, up more than 50 per cent in nominal terms since last year, and by more than a third in real terms, is both the main cause of inflation of more than 18 per cent and the main prop of economic activity; and the only substantial measure the Government could devise was to add still further to this over-run. Extra spending on the infrastructure for the townships is clearly desirable, but the scale is modest—roughly equal to the unplanned overshoot in defence and police budgets. Providing sewers on the same scale as water-cannon will no more cure the fundamental problem than the abolition of the import surcharge will prevent a weak rand from adding to inflation.

The fact is that unless its luck turns substantially, mainly in the gold and commodity markets, the present strategy can lead nowhere. It is simply impossible for South Africa to achieve anything like the growth needed to meet the most modest of the aspirations of the black majority while exporting capital. The dilemma is essentially that faced by other half-developed commodity exporters, though the debts in this case are smaller and the political problems far graver.

Siege economy

Ideally, as the governor of the Central Bank, Dr Gerhard de Kock, wistfully explained recently, South Africa should aim for rapid growth supported by strong inward investment. The Government may still hope that if it can buy a little time it will be able to rejoin the international economic community as a respectable member, as happened after the first Soweto riots 10-years ago. But this looks a forlorn hope, the withdrawal of American banking goodwill last year will probably prove to have closed that chapter.

In these circumstances internal necessity may well drive South Africa towards a siege economy, imposing internal sanctions almost regardless of what the outside world decides to do. The siege mentality is already there and so are many contingency plans. Indeed, some careful analysts have concluded that for a time at least a South African barter economy, freed from financial obligations and pursuing import substitution ruthlessly, would be quite prosperous. In the longer term such distortions would result in high costs and low growth—but not before more time had been bought, and a dangerous precedent set for other debtors.

Work for the long-term jobless

THE House of Commons Employment Committee deserves praise for keeping alive the debate about the scale of resources which should be devoted to job-creation schemes for the long-term unemployed.

In February, the committee suggested that for a net cost of about £3.3bn the Government could provide a guarantee of a job for a year for everybody unemployed for at least 12 months. Whitehall economists swiftly poured cold water on the plan, challenging both its costing and its practicability.

The committee has come back with a more modest proposal: the Government should initially seek to guarantee a job for everybody out of work for at least three years—more than a third of the long-term unemployed.

This latest proposal is estimated to cost about £1bn a year at its peak—it would be "self-liquidating" because the backlog of long-term unemployed would gradually be cleared. It would represent a significant improvement on the Government's present efforts which centre on its Community and Restart schemes.

The Restart programme does not provide firm job offers: its main aim is to provide counselling for the unemployed and advice on job-finding techniques. The Community Programme offers more concrete assistance, but even after the small expansion announced in the budget will provide only 255,000 places by the end of 1986. It will reach less than a fifth of the long-term unemployed.

Unconvincing critique

The Commons committee is right to argue that more should be done to help those out of work for more than a year. Long-term unemployment is arguably Britain's most serious social and economic problem.

In the past three years, jobs have been created but they have mainly benefited new entrants to the labour market and those suffering short spells of unemployment. A broadly static aggregate level of unemployment has thus coincided with a damaging rise in the average duration of jobless spells.

The total number of people unemployed for more than a year has risen by about 250,000 since 1983 and now stands at almost 1.4m. A further rise looks inevitable.

In view of the seriousness of the problem, the select committee's willingness to scale down its original proposal is somewhat surprising.

The plan to provide 750,000 extra jobs over three years, to be filled exclusively by the long-term unemployed, was not some hare-brained scheme concocted on the back of an envelope during some particularly boring parliamentary debate. It was closely based on the work of some of the UK's leading economists including Professor Richard Layard at the London School of Economics.

The Whitehall critique of the Layard "new deal" is far from convincing and should not have intimidated the committee.

Tax allowances

The Government attacks both the practicability and cost of the committee's original proposal. The argument about practicability seems to rest implicitly on the notion that there simply is not enough work out there to warrant the full employment of those jobless for more than a year.

It thus emphasises the risk that the subsidised jobs would not be extra jobs but would tend to replace "real" jobs. It also stresses organisational problems, arguing for example that the National Health Service would be quite incapable of absorbing an extra 50,000 workers:

Whitehall economists reckon the scheme would cost £4.3bn —a £1bn more than the committee originally calculated. The Government describes this cost as "prohibitive." Is this fair? It would, after all, be less expensive than introducing transferable tax allowances — a reform the Chancellor is vigorously promoting.

Put another way, the Layard scheme would cost less than the present tax concession for mortgage interest relief: what is prohibitive depends on a government's sense of priorities.

PRIVATISING BRITISH GAS

Less than wonderfuel

By Max Wilkinson, Resources Editor

MR PETER WALKER, the Energy Secretary, yesterday raised his baton and the massed band of analysts set about turning their instruments for the largest flotation in the history of the world's stock markets.

British Gas is ready to dance. The exact choreography for the launch in November is still the subject of expert discussions. But the general opinion is that it will be a pricey affair; British Gas is worth between £5bn and £6bn. Final calculations will involve the usual trade-off between price and potential return to investors.

A successful sale of British Gas is now essential to keep up the Government's morale and help restore its poll ratings at a time when the rest of its privatisation programme is looking rather sickly. On Tuesday, the Defence Secretary announced that the Royal Ordnance factories were not to be sold off after all. The prospects of raising perhaps £2.5bn from water authorities is looking much dimmer after opposition from within the industry and plans to sell British Airways have again been shelved.

Otherwise the Government has few exciting possibilities on the stocks.

In a Commons statement yesterday Mr Walker confirmed that the corporation is to be laden with £2.5bn debt to the Government. This will help the flotation by reducing the value of the equity needed to put 100 per cent of the new company in private hands. It will also provide a useful annuity for the Treasury; but perhaps most important, it will constrain British Gas if it should wish to turn privateer against distressed oil companies in the North Sea.

Mr Walker also unsealed the final part of the regulations which will govern the corporation's prices when it steps out as the largest private gas monopoly in the world. This is the so-called X-factor, which has been set at 2 per cent. It is essentially the annual target for improvements in onshore efficiency which must be passed on to domestic customers.

If the corporation fails to achieve the efficiency target, customers will still get the 2 per cent benefit, but at the expense of profits. The company will, however, be allowed to pass on the full increase in the cost of its supplies from the North Sea as well as inflation minus 2 percentage points.

This almost completes the formal paper work. The next task is to explain to the widest possible public what British Gas is, what it would like to be and what, in a period of depressed oil prices, it might hope to achieve.

Unaccustomed as they are to the role of financial cheerleaders, most of the utility's senior executives will soon be taking a leading part in this worldwide promotion of the vendor of "wonderfuel," as gas has been styled in recent corporate advertising.

They and their supporting cast of publicity men, brokers and underwriters, may find that they need to put considerable efforts into the business of raising steam among potential investors.

For it may well be argued that now is the worst time in a decade to be trying to sell off a major energy company. Oil prices are less than half their level last autumn, and are about 40 per cent below their level in 1975 after allowing for inflation.

As a result, gas salesmen can no longer laugh off the competition from fuel oil in industrial markets, as they have been used to doing. The prices British Gas can charge are thus under strong competitive pressure, just as the era of cheap North Sea gas supplies is drawing to a close.

Even though North Sea gas costs have fallen in sympathy with oil, gas now being developed in deeper, more hostile waters will cost five or six times as much as the cheap and abundant supplies from the Southern basin which were the basis for British Gas's remarkable expansion in recent years.

The heady period of growth for the UK gas industry is probably almost over. It may well prove to be one of the ironies of history that British Gas's great years of high risk, adventure and vision came to an end at about the time that it ceased to be a nationalised utility.

This was the time in the late 1960s and 1970s when under the forceful and autocratic chairmanship of Sir Denis Rooke, huge investments were committed to exploit the new gas fields off the Norfolk coast and the corporation courageously bought large volumes of gas without any certainty of a market and then courageously went out to sell it.

Under Sir Denis, the corporation achieved a degree of independence from ministers which some private companies would envy.

After the discovery of North Sea gas in 1965, the Gas Act in the same year set the stage for the development of a new transmission network, and a revolution in the way in which gas is regarded. In the 10 years to 1982, gas sales rose by 65 per cent in volume, and the number of houses with gas central heating more than doubled.

Although gas sales continued to rise in the first half of the 1980s the rate of growth, at 1.2 per cent a year, was only about half that of the 1970s. It is likely that from now on the balance between supply and demand will become progressively tighter.

As cheap and convenient fields become exhausted, the corporation will have to rely on a combination of imports, probably from Norway, and further exploration and development in the UK sector of the North Sea. However, exploration has been drastically cut back as oil companies adjust to their reduced cash flow. Total exploration in the UK sector of the North Sea next year may be only about half the £1.1bn spent last year.

It is no doubt possible that an oil company or British Gas itself will stumble on a large new field of accessible gas in one of the unexplored parts of the UK Continental Shelf. But this is unlikely; the most promising parts have already been prospected. Now, the fall in oil prices has led to a sharp curtailment of drilling activity. In ten years' time the supplies available to British Gas, including expected imports from the Norwegian sector, are unlikely to be much more than the present 5bn cubic feet per day.

In the late 1990s, Norway will be selling gas from the deep water Troll field off Bergen. But this will be a lot more expensive than present Norwegian imports from the Frigg field. Other supplies might come from Algeria as liquid natural gas (LNG); these would also be expensive.

The largest potential supplier of natural gas is the Soviet Union, but this source has so far been vetoed on political grounds.

British Gas therefore faces a classic combination of a nearly mature market, rising costs and increasing scarcity of supplies.

By contrast, its main competitor, the electricity industry, has the potential at least to continue to reduce costs by pushing down the price of its coal supplies from British Coal and, if public opinion allows, increased reliance on nuclear power.

British Gas's mainstream business, therefore, lacks the lustre of British Telecom, which was sold so successfully in 1984 as a company riding the crest of advancing technology towards new horizons of growth. On the other hand the weakness of the powers now agreed for the regulatory authority, ensures competitive gas suppliers will have the minimum chance of penetrating British Gas's established markets.

A few years ago, British Gas might have been considered in a similar light to Telecom because the cash flow from its rapidly expanding gas sales enabled it to mount a very successful exploration and production effort in the North Sea.

However, in 1984 the Government forced British Gas to float off its oil interests as Enterprise Oil.

Enterprise's pre-tax profits of £139m in its first full year of operation were only an eighth of those of British Gas. However, this looked — at least while oil prices remained high — the exciting end of the business. Now the corporation's capital sunk into oil and gas production represents only about 6 per cent of its £26.7bn total assets, in terms of replacement costs.

Although the corporation has interests in 50 North Sea blocks, it is starting from a small base if it wants to expand once again into offshore activities.

On the other hand as one senior oil company executive says: "With a market capitalisation of about £6bn, British Gas will not have to do much in relation to its size to be a significant force in the North Sea."

In the year to March 1985, 43 per cent of the £811m which British Gas spent on fixed capital assets was allocated to the development of gas and oil, most of it to its exploration and storage projects at Morecambe and Rough.

In the present depressed climate, £50m spent by British Gas on North Sea exploration (small change in relation to its size) could amount to 10 per cent or more of combined exploration budgets of all other companies put together. Moreover, British Gas's exploration team has a high reputation in the industry.

"It is often overlooked that British Gas had a superb track record before Enterprise oil was floated off, and many of the good people are still with the Corporation," says Mr Martin Lovegrove, analyst at the broker James Capel.

But the big unanswered question for investors—and perhaps for British Gas itself—is: does it want to make a big splash in the North Sea by exploration or buying up competition?

"I would not have thought that this would have a high priority as a use for British Gas's discretionary spending even before the oil price crash. What they would be exploring for is now a good deal less valuable than it was and there is much less certainty about future prices," says one oil company executive.

The Government's decision to burden the new private company with £2.5bn of debt is a tacit endorsement of this view.

Ministers have taken the view that with 98 per cent of its business in the production, transmission and selling of gas, and a management deeply imbued with the values of public service and sound engineering, British Gas should stick to what it does best. This would by no means rule out "friendly" acquisitions and some increase in exploration. But even after privatisation the monopoly will remain firmly in the political arena.

"The last thing we want to do is to create another Hanson Trust picking up assets all over the place," says one official.

While Sir Denis Rooke stays at the helm—and he seems set for another three year watch—the Government can rest easy on this point.

In some respects, Sir Denis is British Gas. His position was so strong that he was able to dictate many of the terms for the privatisation to Mr Walker, much to the annoyance of some Whitehall officials. He refused to countenance the break-up of the organisation and insisted on a regulatory regime which is generally considered to be easy-going if not feeble.

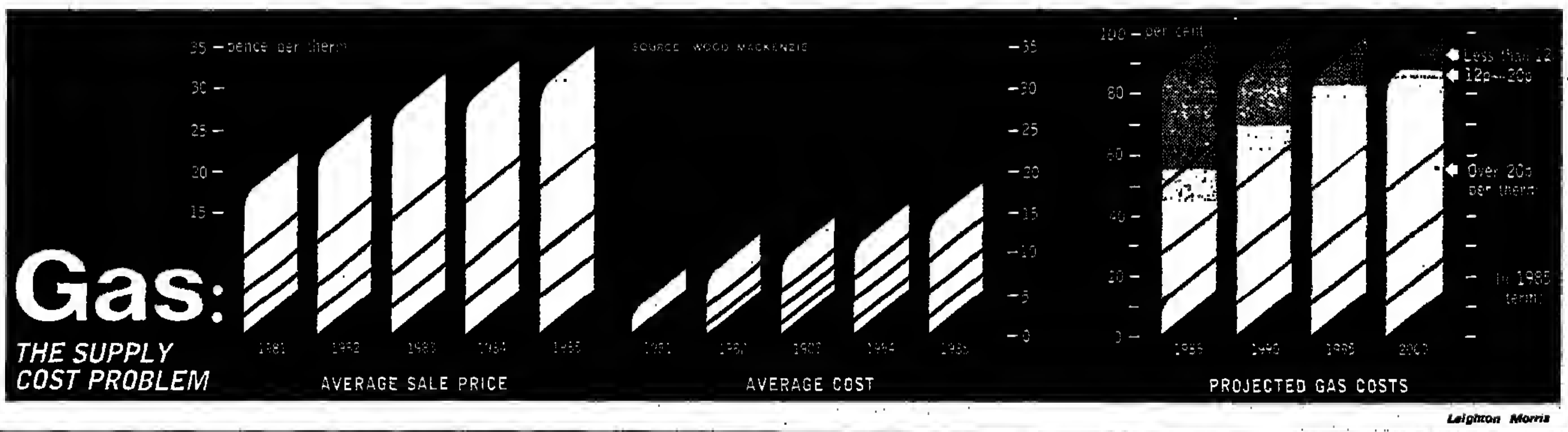
But like other strong men, Sir Denis finds himself (by design or accident) with a power vacuum beneath him. British Gas has many good engineers, but no thrusting entrepreneurial types on the bridge waiting to wrest the wheel from his hands.

Sir Denis's driving instincts have been to build up the organisation, to make it efficient and to sell more gas. It seems highly unlikely that this will change, except that there will not be much extra gas to be sold.

Nevertheless, with strong positive cash flow, pre-tax profits of around £1bn and a partly captive market, British Gas will clearly be a safe investment well able to pay good dividends. A few fast bucks may be made on the flotation, no doubt; but when the dust has settled it is likely to be seen as a solid, safe and fairly boring stock in a little-changed competitive environment.

If that is so, historians of the Thatcher years may ask: "Why did they bother to privatise it all?"

A second article, on marketing British Gas in the City, will appear on Saturday.



Leighton Morris

Men and Matters

No politics, says Baker

The ease with which James Baker, the US Treasury Secretary, has transferred his domestic political skills to the field of international economic diplomacy, has raised the inevitable question of whether he has any aspirations for elective office.

Once again this week, Baker demonstrated his political prowess in front of several hundred New York financial journalists by skipping lightly across subjects ranging from the impact of the resignation of Mexican finance minister, Silva Herzog, to the intricacies of international monetary reform.

Unlike his old friend, Vice President George Bush, who is still smarting from the reactions to some seemingly harmless comments he made to the Saudi Arabians about the dangers of lower oil prices, Baker seems never to put a foot wrong.

A Houston lawyer—his great grandfather founded Baker and Botts, a backing law firm, and his grandfather was the first president of what is now Texas Commerce Bancshares—56-year-old Baker has most of the necessary trappings for a successful political career.

But he makes it very clear that he harbours no such aspirations. Only once did he run for political office and that was enough, he says. Shortly after he had worked on Gerald Ford's unsuccessful campaign to win the Republican Party presidential nomination in 1976, he went home to Texas to have a shot at being elected the state's attorney-general.

He recounts how he was campaigning in a bar in Amarillo, Texas, about the need for Republicans to get more involved in the politics of the Lone Star State. After warning his listeners that the biggest problems facing Texas were ignorance and apathy, he went up to a grizzled old cowhand and asked him what he thought.

"I do not know, and I do not care," came the reply. Which, Baker says, convinced him that the chase for political office was not for him.

Others, however, are still not convinced.

"Ignore him—it's only my father trying to supplement my grant."

Face of GEC

GEC, the electronics group built up by Lord Weinstock, has parted company with its director of corporate communications after only three months.

Philip Connelly, 42, a former senior public affairs adviser at BP, became GEC's first high-level communicator at the end of February but left at the end of last month.

GEC under Lord Weinstock has never sought a high profile public relations image and the two sides decided the company could do without a communications director. James Prior, GEC chairman said: "It was thought that compatibility was not as great as it needed to be but we parted on good terms."

Connelly's departure seems surprising. With GEC's £1.2bn takeover bid for Plessey being reviewed by the Monopolies and Mergers Commission it was more important than ever for the company to put its case to Government, Parliament, the City and the media. Connelly himself described the job as "a major assignment and a major challenge."

GEC is not left entirely without professional PR backing. It took on Shandwick, the PR consultancy specialising in handling bids, at about the same time that it appointed Connelly and Shandwick is still there.

Prior too has been taking on a bigger role as GEC's public face, making a good job of handling questions about the Nimrod project in a recent television Newsnight programme and improving GEC's links with government.

Alpine view

Austria's public relations industry has been much preoccupied over its country's image of late. A recent three-day seminar, interspersed with rustic buffets, tackled the ideal, as opposed to the actual, image following such episodes as last year's wine scandal and this years Waldheim affair.

Some Austrian pr men insist on taking each apparent setback with relentless optimism. Tourist publicity boss, Dr Helmut Zolles, for instance, claims he got less hate mail over the wine scandal than when the Austrian judges awarded the German entrants "nil points" in the Eurovision song contest.

"Thirty million Germans saw that, and took it as a hostile act," he told the German trade press recently.

According to Zolles, the Austrian image problem is being overplayed. "We had our wine scandal, now the Italians are having theirs," he said.

So, despite some notable clashes with the country's news coverage, Austria plans to continue its £1.2m advertising campaign, directed mainly at Germany.

Some of the campaign slogans might now give even the most enthusiastic person pause for thought—"Austria: unchanging like its people," for example.

Light reading

Excerpt from super glossy publicity material offered from Rotaflex, the UK lighting company contesting a £30m bid from Emess Lighting. "We are consciously and unconsciously influenced by light in our perceptions of the world in terms of our work, our home, our leisure and our cultural environment. The linkage has been identified between our perception of the world, how we perceive everything lit, and our attitude to our lives—even to the extent that these very perceptions affect our lives, and how we will live in the future."

This poetic passage, penned by Michael Frye, Rotaflex's chairman, has caused some mirth at County Bank, advisers to Emess. "What Mr Frye appears to be saying is that you can't see in the dark."

Between the lines

The Trade Union Friends of Israel group is running a stall this week at the conference at Bournemouth of the white collar union, Nalgo. Manning the stall next door but one is the Trade Union Friends of Palestine. Occupying the buffer zone between the two — the stall of Amnesty International.

Observer

Doucement...
CHANEL
FOR GENTLEMEN

A GROUP of employers, known as the Occupations Study Group, formed by Sir Austin Bide, has had an ingenious idea. This has been to look at the medium-term outlook for jobs without depending on any of the main forecasting models of the British economy.

ECONOMIC VIEWPOINT

The pessimism that could be self-fulfilling

By Samuel Brittan

The objection to sole reliance on these models is that they are, inevitably, heavily influenced by extrapolations of past trends. To the extent that they are not, they reflect ideology—or, more politely, rival views of how the economy functions—and this affects the predicted outcome.

Sir Austin therefore decided to ask employers in services as well as in manufacturing, and in the public as well as the private sector for their own views on the employment outlook and to publish the result without any policy pontification.

The Institute of Manpower Studies undertook this survey by a combination of questionnaires and more intensive interviews, and, as one would expect, came to some gloomy conclusions.

The IMS expects a further fall of 665,000 jobs in the "production industries and agriculture" between 1985 and 1990. This would be offset by a rise of only 540,000 service jobs, leaving a net decline of 125,000 in the total workforce.

These results are worse than they seem. For over this period the Department of Employment expects an increase of 540,000 in the labour force — which could be more if the department has underestimated the increase in female participation rates.

Even if it has not, the implication is that unemployment will rise by between 650,000 and 700,000 between 1985 and 1990. This would take the adjusted adult total up from 3.1m in 1985 to nearly 3.8m in 1990, a rate of nearly 16 per cent. The headline total, which includes school-leavers and seasonal movements, would be likely to hit 4m some time that year.

If anything like that happens, the fault will be not in our stars, but in ourselves. The IMS survey merely cautions that employers tend to be fashionably pessimistic about job prospects. But closer examination shows that their pessimism is based every bit as much — and more — on projecting past trends as are those of the decried economic model.

The real interest of the survey lies not in its overall pessimism, but in the revealing details unearthed. Against the general trend, small firms are expected to increase employment by 700,000, partly due to sub-contracting by larger firms. For similar reasons, self-employment is set to grow by 300,000 or 12 per cent. Part-time employment is forecast to rise from a fifth to a quarter of the total thanks to growing "standardisation and fragmentation" of jobs. Partl—y for these reasons, female employment is expected to rise from 45 per cent to nearly 50 per cent of the total.

Before getting into abstract about the whole economy, note the survey results for particular sectors, shown in the table, show how much employers' expectations depend on their experience of the past few years.

Every sector that lost jobs between 1979 and 1985 — such as engineering, textiles and construction — is likely to lose more jobs in the period up to 1990. By contrast, every sector which gained jobs in the earlier period — e.g. financial services and leisure — is expected to gain jobs in the later one.

The tendency of common-sense forecasters and sophisticated model-builders alike is to project past changes in less extreme form.

The same tendency is shown by the employers who replied to the IMS. Manufacturing industries such as engineering, chemicals and textiles experienced a fall in employment of 20 to 30 per cent between 1979 and 1985, and together accounted for nearly 2m lost jobs. The IMS projects a continuing loss of jobs in the next five years in these sectors, but at the reduced rate of about 8 per cent.

There is a similar picture where jobs have increased. Distribution and financial services are expected to take on more workers in 1985-90, but at a reduced rate: a gain of 6 per cent compared with nearly 12 per cent in the earlier period. Even the leisure industries are set to slow down their rate of employment growth from 16 to 11 per cent.

The truth is that it is easier to complain about projecting past trends at a slower rate than it is to find a better method of prediction. Employers will be authorities on the specifics affecting their own firms, but are unlikely to have novel or surprising insights into general trends denied to armchair researchers.

Figures in 000s

	1979	% change 1979-85	1985	% change 1985-90	1990
Primary Output					
Agriculture	699	− 6.3	655	− 8.7	598
Energy	712	−16.3	596	−11.7	526
Manufacturing					
Metals and Chemicals	1,182	−34.1	779	− 6.5	728
Engineering	3,338	−23.6	2,549	− 9.6	2,305
Textiles, food misc.	2,666	−23.4	2,042	− 8.4	1,871
Construction					
Construction	1,599	−12.4	1,400	− 3.6	1,350
Services					
Distribution and financial	5,454	+11.9	6,104	+ 6.2	6,485
Transport	1,539	−11.0	1,369	− 5.5	1,293
Leisure	2,290	+16.3	2,663	+11.0	2,957
Public services	4,966	+ 0.9	5,010	− 1.2	4,950
UK Total*	24,800	− 4.4	23,700	− 0.4	23,600

* Also includes Northern Ireland.

Source: Institute of Manpower Studies

But the main reason for being sceptical of employers' projections, as interpreted by the IMS, is that they depend crucially on overall assumptions about the economy.

At the time of Labour's 1965 National Plan, I remember Harold Wilson, George Brown and James Callaghan being very unimpressed by the original macro-economic growth projections, only to become genuinely enthusiastic when these were "fleshed out" by a mass of figures for particular industries. Little did they know that the industrial forecasts were based on the overall national growth projection, and not the other way round.

Similarly, in Chapter 15, the IMS comes clean that the employment forecasts are based on the assumption, which they attribute to employers, that growth will average 2 to 3 per cent per annum, which they believe will be "jobless growth." If growth were to be higher, then the whole structure of pessimistic foreboding could fall to the ground.

The authors say that their projected growth rate is "broadly in line with the prevailing stance of national economic policies." This last remark is surely the IMS's own gloss, and exhibits an unreconstructed Keynesian belief that growth depends on the Government and, specifically, on how fast it expands "demand."

This is made very clear when authors add: "For example, if the policy stance became more expansionary and/or if the price of oil remains at the existing low level over the rest of decade," then there will indeed be more jobs.

They are, I believe, too complacent in suposing that a range of 300,000 on either side of the forecast is sufficient to take care of any errors in projecting overall economic trends or in other areas.

Why do employers, as seen by the IMS, expect growth to be too slow to reduce unemployment? The answer given in the summary is: "a combination of weak home demand, and insufficient international competitiveness. The latter is assisting important penetration and constraining exports. To improve competitiveness and productivity, employers are shedding uneconomic capacity and surplus labour; improving working methods and, particularly in the larger organisations, applying new technologies to both production and support activities. They are also increasing their subcontracting of production and services. The former is leading to the redistribution of jobs to small firms within the production industries; the latter to a growth in jobs in service industries.

The emphasis on sub-contractors and small firms is important. But insufficient competitiveness is a superficial concept, however many times it occurs in Establishment speeches

"Competitiveness" does not come down from the heavens, but depends *inter alia* on pay per worker, productivity and the exchange rate. If unemployment is above 3m and rising, why do all the adjustments have to be in productivity and not in pay? And why is there no faith in a lower pound as a route to competiveness? Surely because of the realistic fear that the benefits of devaluation would be eroded in higher pay and more inflation.

Thus we are back to pay: as the main reason why the existing 7 per cent growth of nominal demand translates into inadequate real demand, as the main inhibition on more expansionary policies, and as the main obstacle to improvements in "competitiveness" which do not depend on shedding labour.

Yet pay hardly features either in the IMS's questions or in employers' responses — neither pay in general, nor relative pay. The exercise is one in economics without price.

By contrast, the latest series of papers by Layard and Nickell obtainable from the London School of Economics on unemployment has the advantage of putting pay at the centre, even though the authors persist in arguing that most of the rise in unemployment since 1979 has been due to deficient demand. This is a finding difficult to reconcile with the failure of pay rises to decline from the 7½ per cent per annum rate where they have been stuck since 1983.

But the Layard charts and tables have a message of their own. For instance, vacancies are now well above the recession bottom and much higher than in some years in the 1970s when male unemployment was less than a third of its present level. Reported skill shortages also correspond with those experienced 10 years ago when unemployment was much lower.

The entire additional rise in unemployment since 1981 has been in those without a job for over a year. The number of short-term jobless has actually fallen slightly. There has also been increased divergence on pre-tax earnings, with the top 10 10 per cent of wage-earners rising relative to the norm and the bottom 10 per cent falling.

Meanwhile, charts showing the share of wages in the national income have more than lost the sharp rise of the mid-1970s. Labour productivity has returned to the growth rates of the 1960s while "total factor productivity," which includes the contribution of capital has fallen. But despite the drop in union membership and restrictive legislation, the authors' estimated mark-up of union wages over non-union ones remains several percentage points higher than in the 1970s.

This all adds up to a highly segmented labour market, with a large minority of workers demoralised by long-term unemployment or otherwise lacking in the skills, attitudes or geographical locations attractive to business. It helps to explain why some employers side with their existing "inside" labour forces who prefer high pay to taking on "outsiders."

Rather than hope that these views will suddenly go away, we should encourage employers to take on new "outsiders" at pay rates initially lower than those of "insiders." There is an ideal instrument to hand in the Chancellor's proposals for profit-related pay (PRP). The newcomers could be excluded from the profit-related supplement, which is far and away the most important clarification required if PRP is to work as intended.

As for the IMS prediction: the issue will probably be fudged before 1990 by make-work and reclassification of the unemployed. Much more important than crystal-gazing are diagnosis and sensible remedies.

Lombard

Labour's plans for jobs

By Anatole Kaletsky

WHAT WOULD it be worth to halve unemployment in Britain? To judge by the compassionate sentiments expressed in prosperous middle-class drawing rooms all over the country, no price would be too high, no sacrifice too great, to rid us of the scourge of mass unemployment. The middle classes have been free to indulge their consciences, secure in the knowledge that there were no alternative policies involving any such sacrifice even distantly on the horizon. But a conscience about unemployment may soon become a costlier indulgence.

As the general election approaches, the policies of the Labour Party are likely to attract more attention. And, judging by an analysis published last week by the City University Business School, they will need to be taken very seriously as a genuine alternative to the present Government's approach.

If Labour's policies were implemented today, they would cut 1m off the dole queues within a mere two years, according to the City University model. By 1993, Labour's programme, the key element of which the model spcifies as £10bn a year in extra public spending, would halve unemployment, to 6.5 per cent. This compares with a rate of 9.1 per cent which is forecast if the present government's policies of restraining public spending are maintained.

Now, the City University Business School is not a place where the Labour Party would normally expect a sympathetic hearing. No British institution has been associated more closely with the economic counter-revolutions of the Thatcher Government. Indeed, the Business School's founding father and former dean, Professor Brian Griffiths, is now the head of Mrs Thatcher's personal Policy Unit at 10 Downing Street. It is not surprising, therefore, that the latest City University economic review, in which these numbers are presented, is less than gushing in its verbal assessment of the Labour strategy. Instead of emphasising unemployment, it stresses that Labour's programme would "induce very high rates of taxation and/or high rates of inflation," at least in the absence of an incomes policy.

On inflation, however, the model's own figures do not bear out this description. The forecast shows an average inflation rate of 6.9 per cent during the first six years of a Labour programme. In Britain, this cannot be described as a "high" rate by any stretch of the imagination, since it compares with an average of 9.5 per cent over the past 20 years and 7.5 per cent average even in the five years before the 1973 oil crisis. Even more strikingly, the inflation problem would be a strictly temporary phenomenon According to the City model, inflation under Labour's programme would subside from the seventh year onwards to a mere 2.4 per cent annually. This would actually be a little lower than the inflation forecast on the basis of current Conservative policies.

The key to this extraordinary result is City's assumption on taxes. Labour is assumed to raise the standard rate of tax in stages to the 50 per cent level. This very high tax rate enables the Public Sector Borrowing Requirement and inflation to be reduced below the present government's targets.

City University's analysis does not explore what self-destructive urges which might induce Labour to adopt such a perversely tight policy. However, it raises some political issues of greater importance.

However frequently Treasury ministers deny this, there does appear to be a major trade-off between inflation and unemployment. Once rapid inflation has been subdued, unemployment can be reduced by letting up on further anti-inflationary policies. Alternatively, if faster inflation is unacceptable, unemployment can still be reduced dramatically by simultaneously raising public spending and taxes.

Either way, a concerted attack on unemployment would certainly appear to be possible. It would, however, have a price —in higher taxes, higher inflation or probably a moderate combination of both. Political debate in Britain could soon be reduced to a simple question—is this a price which the electorate considers worth paying?

Letters to the Editor

Photocopiers and the EEC

From the Director-General, External Relations, European Commission

Sir,—The article "Japanese copier dumping: a broader view" (June 12) contains major inaccuracies in law and in fact, both in connection with the substance of the case and the European Commission's role in it.

To begin with, the Commission has taken no decision regarding the imposition of anti-dumping duties on Japanese photocopiers imported into the Community. Such a decision, when it is taken, will be based on a thorough examination of all the related facts and considerations. These include questions of dumping, injury to the Community industry and an evaluation of the approach which would be in the best interests of the Community. In this context it is evident that due account has to be taken of arguments relating to competition and industrial policy advanced by any party having an interest in the proceedings.

Your legal correspondent, Dr A. H. Hermann, does not describe accurately how the Commission decides whether to take anti-dumping measures: his article also contains assertions which are at best misleading and at worst wrong. These refer particularly to the position and activities of photocopier producers in the Community, to the importers of Japanese photocopiers and to the Community legislation relevant to the circumstances under consideration.

When the Commission does finalise its decision in this case, it will be relying on verified information of a type which is obviously not available to your legal correspondent because it is of a commercially confidential nature. Such information will enable the Commission to arrive at a balanced judgment on the difficult and contentious issues raised in the case and on what measures, if any, to adopt.

Leslie Fielding.
Rue de la Loi, Brussels.

Dumping a bad name on the Japanese

From Mr R. Denton

Sir, — I have nothing but sympathy for the EEC employees at Directorate-General 1 who have to wade through and critically assess the plethora of conflicting evidence relating to the alleged dumping of Japanese copiers. They are caught between warring factions and must be seen to allow fair play. Dumping is a truly complex issue and not one simply developed to keep lawyers in business. The way in which the Commission handles these cases could have profound effects on European markets.

A. H. Hermann, in his column on June 12, seems to proceed on the assumption that the Japanese are dumping, and then examines the question of injury to Community producers and effects thereon of an anti-dumping levy. This would be correct if it could be shown that the Japanese are dumping. Evidence, as well as theory, implies the contrary.

As Dr Hermann suggests, dumping occurs when a product is sold in a complainant's domestic market at a price lower than that in its market of origin. It is unhelpful to use the term "predatory pricing" since the concept means all things to all men, and even if dumping is established, proof that it has a predatory motive is well-nigh impossible. Under the classical Vinerian approach it was assumed that this type of behaviour on the part of the alleged dumper was facilitated by some power over the domestic market; in order to "fund" cheap overseas sales, the domestic market had to be insulated from the world market either by governmental action such as tariffs or non-tariff barriers or because the cost of re-importing the goods to that domestic market was prohibitively high, for example, because of high transport costs caused by the product's bulk.

Therefore dumping, as at present defined under the 1979 Gatt code and EEC legislation, must presume that exploitation of high domestic prices funds "cheap" sales abroad, although stating explicitly that it concerns itself only with a situation where the export price of a product is less than the normal value of the like product. If the idea of an unfair subsidy is not to be found in the legislation, then it must be seen as more protectionist than widely assumed.

In respect of a number of Japanese products, the presumption of high domestic prices funding low export prices is simply absurd. Less than 5 per cent of Japanese typewriters remain in the domestic market. Therefore the normal value in the Japanese market was deemed unreliable, and a constructed normal value was calculated. If that is so, it seems incredible to argue that Japanese sales could be affected at so high a price as to subsidise the sales in the rest of the world. From the figures available, this argument appears to run true for copiers.

It may be true that the Japanese compete unfairly with the help of Miti-inspired co-ordination attached to export targeting; this being the real problem and not price-competitiveness. It may also be true that the Japanese do operate pervasive and deep-rooted non-tariff barriers, but their internal market, although protected from the outside, is fought over quite strongly from the inside. In fact, some legal advisers to the Japanese defendants have argued strongly that the Commission "manipulates" the normal value figures so as to prove dumping when in fact none occurs. This is done by attributing to Japanese producers an unrealistically high element of profit given the supposedly cut-throat nature of the Japanese domestic market when constructing a normal value.

All the arguments surrounding the case seem to highlight the assertion (see Mr Ford's letter, June 6) that the Community does not in fact operate an objective dumping policy but is prevailed upon by the member states and ailing industries to use the anti-dumping legislation as a protectionist device. That makes us feel we are doing something positive when the reverse is the case.

Ross Denton.
Faculty of Laws, University College, London.

Water industry and the Labour Party

From Mr A. D. R. Holland

Sir,—We learn from the official spokesman of the Labour Party (June 11) that it would renationalise the water industry since the unions that work in it want it. How nice and cosy. What about the customers? Don't they count?

The same treatment has been threatened to British Telecom. While we all have gripes about BT's service, no-one can fail to have noticed the great improvement in dealing with complaints or the modern and attractive range of telephone equipment being offered for sale or rental since privatisation. Would this have happened with union domination?

As ever, the Labour Party is tied to the Luddite wing of the trade union movement and will be seen to be so as the next election approaches.

Anthony Holland.
7-8, Savile Row, W1.

A dream they never sold

From the managing director, Midland Bank Venture Capital

Sir,—I refer to Peter Marsh's article on British CAD-CAM companies (June 9).

An old friend was involved with one of the companies mentioned. In due course he collected a very substantial sum for passing "Go." "Yes, the money is nice to have. No longer do I have to repair my own house but can get contractors in to do it. Yes, we can now afford an extended climbing holiday in the Himalayas." And so on.

But almost as an aside he went on to say something of great significance: "When you last saw me (1981) you had no idea of how acute was the cash crisis we were in. We only *just* came through. The margin between success and failure in business is wafer thin. Never again do I want to get into the same position"—said with much feeling.

Here, perhaps is the (unspoken) crucial point. As the financial pressures start to mount, creditors start to press —and one's own position, with a house, livelihood and personal assets at risk, becomes ever more tenuous. Ordinary, decent, people are appalled by the situation they find themselves in, having to let creditors down, having to make promises they cannot keep, seeing their whole family and way of life put at risk, moving inexorably down a slippery slope that they seem to have no power or capacity to stem. No wonder they grab the money and run the moment it is offered, regardless of what the future potential might be in the business.

This, however, is a perfectly natural feature of the way the cashflows of rapidly expanding companies behave. Once you know, and can therefore accurately quantify and anticipate this behaviour, preventive action *can* be taken.

For those, on the other hand, who do *not* know about the inevitable, and crushing, forces that come into play, acute, financial crisis is not something that *may* happen, but something that *will* happen.

Which provides the most wonderful opportunity for the bright-eyed and bushy-tailed (foreign) predator who understands — very clearly — the issues to muscle-in on the act.

If progress to Armageddon is too slow it can be actively helped on its way, for instance, by becoming a major outlet for the company's goods (e.g. a US distributor) and subsequently delaying payment for an unusually large order.

Alternatively, the potential acquirer can appear to come to the company's rescue, with a capital injection. When the initial investment runs out, as inevitably it does, ownership falls like a ripe plum.

This can only happen because the predator has a much sharper knowledge of the way company finances behave than the management of the target company. If we, as a nation, want to avoid it, we can. But only by radically improving our own knowledge.

Brian Warnes.
47, Cannon St, EC4.

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Siemens to attack British computer market

By Jason Crisp in London

SIEMENS, the West German electricals and electronics giant, is launching a major attack on the UK computer market and has ambitions to become one of the country's leading suppliers after IBM (UK), ICL and Digital Equipment.

Although Siemens claims to have 8 per cent of the European computer market and 25 per cent of the West German market, it only sells a small number of personal computers in the UK.

The move to sell a complete range of computers is part of an attempt to become a major supplier of information technology products in Britain.

Earlier this year Siemens acquired Norton Telecommunications, an independent British supplier of telephone equipment, including private exchanges (PABXs).

As its next step, Siemens is to start selling a range of computers including powerful, large mainframes, small business systems and personal computers.

Siemens has opened a new centre in Feltham, London, and expects to employ 220 people by the end of 1988, including about 40 engineers working on software development.

Mr Hans-Martin Steinle, director for communication and data systems, said Siemens was keen to use British skills in computer software.

Siemens has sales of £200m ($300m) in the UK in medical equipment, power engineering, components and information technology.

Sales of telecommunications and computer peripherals is expected to be about £80m. As a result of the move into computers this is expected to grow by 30 per cent a year.

It will concentrate on computers for automated factories, printing and publishing and cartography.

Mr Steinle said Siemens hoped to be Britain's fourth largest computer group within three to four years. The US company DEC is currently the third largest and had sales of £450m last year and employs more than 5,000 people in the UK.

If Siemens were to succeed, it would mean overtaking many other large and well-established computer companies such as Honeywell, Burroughs and its newly-acquired subsidiary, Sperry from the US, and Olivetti and Nixdorf from Europe.

Lufthansa and some of the West German banks and insurance companies have Siemens computers in the UK. The only other significant past sale in the UK was a computer bought by the Greater London Council to contral London's traffic lights.

Canada rebuffs Allied-Lyons

By Bernard Simon in Toronto

ALLIED-LYONS, the British food and beverage group, was rebuffed yesterday in the first of several legal challenges aimed at forcing Olympia & York, the Canadian real-estate and resources group, to implement the sale of Hiram Walker Resources' drinks business to Allied.

The Ontario supreme court denied Allied's request for an injunction preventing O&Y and its subsidiary Gulf Canada from making any material changes to Hiram's liquor assets. Judge Frank Callaghan said be accepted O&Y's assurances that it would take no steps to encumber the shares or asset hase of Hiram's drinks unit, which trades as Hiram Walker-Gooderham & Worts.

Allied claims to have bought HW-GW in the terms of an agreement signed this year in the beat of a fierce takeover battle for Hiram.

The company's new owners have tried to reverse the sale and want to establish HW-GW as one of Gulf Canada's three main operating divisions, complementing its energy and forest products interests.

Bonn coalition split over new powers for police

BY RUPERT CORNWELL IN BONN

WEST GERMANY's ruling coalition is sharply divided on whether to bring in immediate and tough new measures to increase the powers of the police, in order to curb the renewed anarchist violence which has disfigured anti-nuclear demonstrations here in recent weeks.

The strongest pressure for such action has come from the right, notably from Mr Franz Josef Strauss, leader of the Bavarian-based Christian Social Union (CSU). The Interior Ministry, run by his party colleague, Mr Friedrich Zimmermann, claims that the total of hard-core rioters, suspected of links with far left terrorist organisations, is now between 2,000 and 3,000, compared with only 500 until recently.

Mr Zimmermann used yesterday's Cabinet meeting to show a video film of recent incidents at the Wackersdorf and Brokdorf nuclear stations to impress upon fellow ministers the threat posed by the nuclear-related violence, and underline his argument that sophisticated new communications techniques employed by the anarchists or *Chaoten* demanded a radically new approach.

But the Interior Minister won only a promise for three extra transport helicopters and more powerful water cannon for the paramilitary, federally controlled *Bundesgrenzschutz* police, coupled with the assurance that existing laws would be enforced to the hilt. Rather, the Government has opted to win time by setting up a working group to examine tha whole issue. It has also denied reports of mass resignations from the police, in protest at an alleged lack of hacking from their political masters.

British police needed to be able to use plastic bullets and CS gas in the event of riots in inner cities, a leading police official said. Details, Page 7

The most forthright opposition to sweeping new powers for the police comes from the Free Democrats, junior partners in the centre-right coalition. But the decision to stall plainly reflects political calculations ahead of the vital federal elections due on January 25.

Chancellor Helmut Kohl is as instinctively inclined to clamp down hard on the violence as any member of his government. However, after parliamentary mishaps of the last few months, he is especially anxious to avoid fresh public feuding within his coalition over a contentious piece of legislation, so close to the election.

The potential dangers of such a confrontation were emphasised yesterday as the Greens, the radical left-wing party in the forefront of the campaign against civil nuclear power, demanded guarantees that peaceful participants in such demonstrations would be not be harassed by the police. Mr Hans-Christian Stroebele, the Greens' home affairs spokesman, accused the police of deliberately provoking disorder – a view to which some events at both Brokdorf and Wackersdorf lend credeoce.

The Government is, coovinced, however, that widespread public abhorrence of the violence – now a regular weekend fixture and perpetrated by mostly masked demonstrators wielding Molotov cocktails, catapults and other weapons – is potentially a powerful votewinner for the conservative cause

Even so normally restrained a politician as Mr Gerhard Stoltenberg, the Finance Minister, has likened the Greens to the Basque Eta movement, containing hoth a peaceful and a militarist wing.

UK to launch public defence of nuclear power policies

BY MAX WILKINSON, RESOURCES EDITOR, IN LONDON

THE BRITISH Government is preparing to mount a major defence of nuclear power now that the worst anxieties resulting from the disaster at Chernobyl appear to have abated.

A wide-ranging speech on the subject planned by Mr Peter Walker, the Energy Secretary, for next week is likely to be interpreted by many as preparing the ground for a decision to proceed with a new pressurised water reactor at Sizewell in Suffolk, eastern England.

However, this still depends on the results of the inquiry hy Sir Frank Layfield, which will not be in ministers' hands until the autumn.

The Soviet nuclear power sector is one of the most crisis-riddled industries in the country, according to an analysis of Moscow's nuclear power programme by the West Berlin-based German Institute of Economic Research (DIW). Page 3

In his speech next week Mr Walker is expected to coocentrate on the global energy picture and on whether so-called renewable energy sources such as wave and wind power could supply the world's needs when coal and oil resources start to run down.

His broad conclusion is that these alternative sources of energy supply will not be adequate and that nuclear power is likely to remain central to the world's energy needs.

His draft speech is being described as a general and "non-political" case for nuclear power, but it will sharply differentiate the Conservative Party's stand on this controversial issue from that of the Labour and Liberal parties.

Mr Walker has recently made several comments which are supportive of the nuclear industry, but next week's speech to the Engineering Employers' Federation will be the first carefully reasoned statement of the Conservative Government's policy oo the subject since the Soviet accident.

London prepares soft loan offer to Jakarta

BY ALAIN CASS, ASIA EDITOR, IN LONDON

BRITAIN is to offer up to £140m ($213m) in soft loans to finance the UK costs of mutually agreed development projects in Indonesia.

The money will be made available over the next two to three years, subject to the successful conclusion of a soft loan agreement with Indonesia, now in the final stages of negotiation.

This agreement would make Indonesia the second-biggest recipient of UK soft loans after China and would mark a further commitment by the British Government to pursue export contracts in the Third World through concessionary finance.

The first tranche of £40m will be formally offered to Indonesia today at the meeting in The Hague of the country's aid donors, the Intergovernmental Group on Indonesia. The group as a whole is expected to pledge a total of $2.4hn in aid to Jakarta which faces its severest economic crisis in decades because of falling oil prices.

The plan to provide up to £140m in project-tied soft loans follows hard hargaining. Two years ago Indonesia laid down stiff conditions for the approval of aid agreements which depend on the award of specific contracts to donor countries.

Britain finally agreed to meet a requirement laid down by President Suharto that soft loans tied to specific projects should be granted at no more than 3½ per cent interest, to be repaid over 25 years with a seven-year grace period. These terms make the agreement with Indonesia even more favourable than the £300m soft-loan deal with China signed earlier this year.

In return, Indonesia has dropped its insistence that the loans be made in sterling – which would have been more expensive for the UK because of higher interest rates – and will accept finance in US dollars instead.

UK officials hope that the first £40m will help British companies win contracts for rural electrification, road and rail transport, radio and television stations and steel hridging.

Although the soft-loan deal would significantly improve Britain's chances of winning major Indonesian contracts, France is known to be negotiating a similar deal which is likely to pose stiff competition.

Some UK officials also caution against undue optimism given the parlous state of Indonesia's finances and its limited ability to absorb large amounts of development aid.

Much of the orginal impetus for the agreement came after the visit to Indonesia by Mrs Margaret Thatcher, the British Prime Minister, in 1985. Despite Indonesia's current economic problems, British ministers believe government leaders in Jakarta are determined to pursue development projects.

British ministers also nurture the hope that, following a soft-loan agreement, Britain would also be in a good position to bid for big defence contracts to add to last year's purchase of Rapier missile systems and Hawk trainer aircraft by the Indonesian armed forces.

Pressure grows for sanctions against Pretoria

Continued from Page 1

but rather that be was suggesting that further US action would be hard to avoid.

Senator Lugar has worked closely with the White House and his comments may have been designed as much to send a signal to the Administration as to Pretoria. They clearly will only serve to encourage members of the House to back the sanctions bill.

The bill, which has drawn widespread support in the house, including some conservative Republicans, would ban all new investment and bank loans to the South African private sector. In order to hinder South Africa's efforts to become energy self-sufficent, it would also prohibit contracting for engineering, construction and other assistance from US companies in the development of energy sources

Other provisions call for the banning of imports of coal, uranium and steel and on the landing of South African Airways flights in the US.

Michael Holman in London writes: There was no evidence in London, however, of any significant change in the British Government's anti-sanctions stance.

Bishop Trevor Huddleston, president of the Anti-Apartheid Movement, told a press conference yesterday that a meeting with Sir Geoffrey Howe, the UK Foreign Secretary, had been "exceedingly negative."

● Yesterday's report on the South Africa'a R1.2bn economic package mis-stated the dollar equivalent. The correct figure is $490m.

Spanish left seeks taste of power in 'gazpacho'

By David White in Madrid

"A GAZPACHO" is what Mr Santiago Carrillo, former leader of the Spanish Communists, calls the new alliance in which the party is fighting Sunday's general elections. Socialist leaders refer to it as "the Russian salad."

Izquierda Unida (United Left) is a political mish-mash created from ingredients of the anti-Nato campaign which lost to the Socialist Government in a referendum last March. The idea is to keep the momentum of that movement going. Depending on the results, it could either pull Spain's Communists out of the doldrums or provoke another leadership crisis in the party.

SPANISH ELECTIONS

Pre-election polls indicate that through the new alliance the Communists stand to recover some of the 1m votes which the Socialists "borrowed" from them four years ago. In that election, the party saw its share of the ballot plummet from almost 11 per cent to less than 4 per cent. It lost 19 of its 23 seats and, with Mr Carrillo's resignation, its leader for the previous 22 years.

His successor, 40-year-old Mr Gerardo Iglesias, has faced nothing but crises: rebellion by Mr Carrillo, who wanted to keep his hand on the controls and was eventually excluded from office; and the creation of a splinter, pro-Moscow party.

The new alliance, hurriedly put together in April when the Government brought forward the election date, reassembles some of the fragments: the mainstream party, the pro-Soviets (but not all of them) and ex-Communists who left the party under Mr Carrillo.

They are joined by a heterogeneous collection of other groups ranging from Republican to Monarchist and including the Carlist Party – to the puzzlement of many, considering that the Carlists were on the other side in the Spanish civil war. A mysterious humanist party is also included.

Pressed for time in drawing up a programme, the alliance proposes a classic left-wing menu, including nationalisation of banks and utilities.

Like the tomatoes in a gazpacho, the Communists are the main component. Most of the Pta 500m ($3.5m) campaign fund is theirs, and their four-day annual fête, held earlier this month, was turned into a coalition occasion. But long-time Communist supporters said it was not like it used to be.

Through their broader platform, the Communists hope both to extend their appeal and repair their broken image. But it is at the expense of dropping some of their own identity. For the first time since they were legalised in 1977, they are not fighting under their own banner.

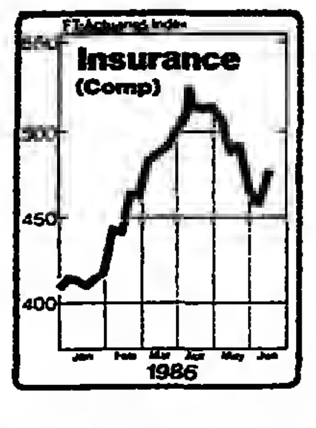
Mr Carrillo, in what may be his last act of revenge, has run off with the hammer and sickle. Using the Communist emblems, the foxy 70-year-old is standing under the ironic title of Unidad Comunista (Communist Unity).

● The summary column incorrectly stated yesterday that Lt-Col Antonio Tejero was one of the Spanish officers killed in Madrid on Tuesday. The victim was actually an accomplice of Tejero in the 1981 coup attempt. Tejero is serving a 30-year prison sentence.

THE LEX COLUMN

Florida squeeze for insurers

The struggle of wills between the US insurance industry and ambulance-chasing lawyers being fought out in the Florida sunshine has reached a temporary truce. A bill that seeks to trade off some limit on the ballooning jury awards for commercial liability against a compulsory 10 per cent reduction in premiums has become wedged in the Florida Governor's office. There is no certainty that it will be signed into law and the markets have regained their poise: taking their cue from Wall Street, the UK composites have recovered from two weeks of sharp underperformance.



The London market's Florida worries were a little excessive. The composites write only a fraction of their US business in Florida and, if the bill became law, would probably stop altogether, as half a dozen US insurers have threatened to do. The insurance companies say that US tort is in a mess, and a good portion of America from the President downwards agrees; the lawyers, including those packing legislature benches, look jealously at the industry's dramatic shift into profitability.

As usual, everybody is in the wrong: huge awards and lawyers' fees have led to large insurance losses, vanishing capacity and rocketing premiums. Some municipalities cannot now afford to insure a kindergarten, let alone a hospital.

Whatever happens in Florida, there seems bound to be some surrender on American premium rates. This need be no unalloyed disaster for the composites. Even a 10-point improvement in operating ratios in the first quarter is not enough to pull in the capital that will eventually sandbag the recovery, as sure as eggs are eggs. Some concession on commercial liability may delay the dreadful day.

British Gas

Having persuaded Mr Peter Walker to break with previous UK Government policy of splitting up the British Gas Corporation into its component parts, Sir Denis Rooke has now extracted a pricing regime for his monolith that should not unduly tax the ingenuity of the company's time-and-motion men. A requirement to reduce non-gas costs in the domestic sector by a real 2 per cent a year is no more demanding than the efficiency targets that the company has achieved in the past few years.

Nor is the debt of £2.5bn a great burden for the company to bear, particularly as it could have the best part of £1bn in cash by the time of flotation. British Gas plc's gearing ratio is likely to be around 35 per cent; higher than BP or Shell, but low compared with the energy sector as a whole. This does not mean that British Gas will go out and buy up the UK independent oil sector, for all the wishful thinking of the speculators. The company will remain overwhelmingly a gas distribution business, and should be valued on that basis.

Even having removed £2.5bn of potential gas shares from the equity market, the Government will still have at least £5bn left to sell, and must work out how to win the affection of the private investor without providing Telecom-style stagging profits for the Americans.

Chloride

Chloride is not exactly the stock for income funds, having paid no ordinary dividend since 1980, with only a single tranche of payment on the preference shares this decade. And attributable losses in five of the last six years – culminating in an attributable loss of £8.4m, reported yesterday – have seen to it that punting on Chloride's recovery prospects has also been a pretty unrewarding strategy. The only investors to have derived a steady return from Chloride in recent years will be successful traders of the cycle from hope to disappointment.

That process must now be converging to a point where the market will have to look Chloride over again. Disposals have brought the balance sheet back into a reasonable shape, with net debt at just over a quarter of Chloride's depleted shareholders' funds and minorities: suffocation by interest payments is not on the programme. Hacking away at overheads, to the tune of £8.1m above the line in these figures, has similarly taken a crucial few millions out of operating cost: if nothing else were to change, Chloride's pre-tax line should be about £15m better off this year.

Before the £6m arrears of preference dividend can be cleared, or the ordinary dividend make a reappearance, Chloride will have to show that this year's expected recovery is not another isolated spark, like 1984. At 46p, the shares are not assuming anything: not even a value ofr Chloride's £40m stock of UK tax losses.

British Land

British Land is another victim of the City's disdain for companies which defy easy classification. How else to explain a share price immobile at 182p after an unforecast 79 per cent rise in pre-tax profits to £21.1m? Ascot Week may be the simple answer, but those sceptics left to stew in the City also have their motives.

About half of the profits increase came from property trading and the industrial division, which are both deemed to be earnings of a lesser quality. There seems no reason for this denigration of earnings from such businesses as the manufacture of military sleeping bags, particularly given the underperformance of the property sector against industrial stocks.

The rise of 13p to year end net assets of 217p a share was one figure in line with predictions. Taking out retained profits of 9p, the capital growth is uninteresting. But this is hardly surprising given British Land's predilection for buying up and refurbishing unfashionable older buildings.

The latest findings suggest that these sort of properties are losing their value at an alarming rate, but the Land formula is based on high income followed by cashing in on site value. That may not be a surefire proposition, but at least the downside is beyond the trading horizons of most institutions.

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World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	23	73	Dubrovnik	S	29	84	Malta	-	—	—	Rhodes	S	26	79
Algiers	S	25	77	Edinburgh	C	13	55	Manchester	F	14	57	Rio de J'o	C	30	86
Amsterdam	S	17	63	Faro	S	23	73	Manila	C	32	90	Rome	F	21	70
Athens	S	32	90	Florence	F	26	79	Melbourne	C	11	52	Salzburg	S	27	81
Bahrain	S	37	99	Frankfurt	R	30	86	Mexico City	R	25	77	San Francisco	S	22	72
Bangkok	S	34	93	Funchal	C	18	64	Miami	R	29	84	Seoul	F	23	73
Barcelona	S	23	73	Geneva	F	23	73	Milan	S	27	81	Singapore	S	25	77
Beirut	-	—	—	Gibraltar	S	24	75	Montreal	C	19	66	Stockholm	S	26	79
Belfast	F	13	55	Glasgow	C	14	57	Moscow	S	19	66	Strasbourg	C	22	72
Belgrade	F	29	84	Guernsey	S	14	57	Munich	S	24	75	Sydney	S	18	64
Berlin	S	27	81	Helsinki	S	26	79	Nairobi	C	19	66	Taipei	S	34	93
Biarritz	C	19	66	H Kong	S	30	86	Naples	S	26	79	Tangier	C	23	73
Bombay	D	26	79	Innsbruck	F	20	68	Nassau	S	31	88	Tel Aviv	S	28	82
Bordeaux	C	19	66	Inverness	C	12	54	New Delhi	S	39	102	Tenerife	-	—	—
Brussels	F	19	66	Islamabad	S	43	109	New York	S	25	77	Tokyo	C	23	73
Budapest	T	28	82	Istanbul	S	29	84	Nice	F	21	70	Toronto	C	18	64
B Aires	C	23	73	Jakarta	C	32	90	Nicosia	S	35	95	Tunis	F	26	79
Cairo	S	33	91	Jersey	S	16	61	Oporto	C	17	63	Valencia	C	24	75
Cape Town	F	15	59	Jo'burg	S	18	64	Oslo	S	26	79	Venice	-	—	—
Caracas	C	29	84	Lima	C	19	66	Paris	F	21	70	Vienna	S	28	82
Casablanca	C	21	70	Lisbon	S	21	70	Peking	S	36	97	Warsaw	S	28	82
Chicago	S	20	68	London	F	20	68	Prague	S	28	82	Washington	-	—	—
Cologne	C	20	68	Los Angeles	S	28	82	Reykjavik	C	9	48	Zurich	F	24	75
Copenhagen	F	17	63	Luxembourg	C	19	66								
Corfu	S	30	86	Madrid	S	28	82								
Dallas	-	—	—	Majorca	-	—	—								
Dublin	F	15	59	Malaga	S	25	77								

Readings at mid-day yesterday.

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

UK details gas sell-off incentives

Continued from Page 1

and terms of the offer have yet to be decided.

Gas employees will be given £70 worth of shares plus a further £2 worth for every year of service. They will also be allowed to "buy one and get two free" up to a total of 450 shares. They will also be offered £2,000 worth of shares at a 10 per cent discount.

These large concessions are intended to help push along the general bandwagon, as well as furthering the Conservative ideal of giving workers a stake in the profits of their company.

He said the new company's balance sheet would include £2.5bn of debt to the Government and that the gas levy (a tax on gas from North Sea fields not subject to petroleum revenue tax) would remain at its present level of 4p per therm (105 megajoules). The gas levy is expected to bring in about £500m a year for the British Treasury until the end of the decade. In addition British Gas will have to pay interest on its debt of about £250m a year at current interest rates, but this will be set off against its tax liability.

Mr Walker also announced the final details of the formula which will determine the prices the new company can charge to domestic customers. The full increase in average offshore gas costs can be passed on. In addition prices may be raised only by the rate of inflation less 2 per cent.

This 2 per cent – the so called X factor – was twice what British Gas wanted, but somewhat less than its present performance target. Under its present agreement with the UK Government, the corporation is supposed to reduce its net trading costs per therm of gas sold by about 2.8 per cent a year, but there is no provision for this to be passed on to customers.

Mr Walker chose the figure of 2 per cent on the basis of a detailed analysis by Touche Ross, the accounting firm. This said that British Gas had scope to improve its efficiency by between 1.75 per cent and a little over 2 per cent a year.

Next year the pricing formula is likely to result in a very small increase in average domestic gas prices and could even yield a cut.

SECTION III

FINANCIAL TIMES SURVEY

Executive Cars

Rover 800, on which Austin Rover's hopes are pinned—a 'sneak' picture from Motor magazine.

Manufacturers big and small are chasing the high-profit market for larger, well-equipped cars. The big makers are regularly adding to the flow of new models to this highly-competitive market bringing the specialist companies under pressure. And Japanese attention is turning from the US to Europe.

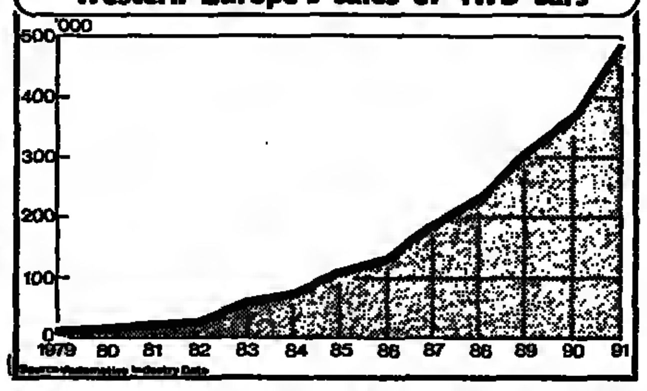
How Europe's car makers are faring

Production of executive cars*, 000s

	1984	1985	1986†	1987†	1990†
Ford	63	101	117	129	120
GM	146	123	131	142	160
Audi/VW	210	186	171	171	184
Fiat/Lancia	17	55	87	103	95
Renault	119	152	139	172	252
Peugeot	233	202	192	177	180
BMW	412	431	464	477	520
Mercedes	469	538	593	603	621
Volvo (Sweden)	271	288	303	315	337
Saab	102	113	115	125	146
Alfa Romeo	200	158	171	175	196
Jaguar	33	38	40	44	47
Porsche	44	54	52	53	59

*Larger or prestige cars typified by: BMW, Mercedes, Audi 80/90 Quattro, Citroen CX, Fiat Croma, Ford Granada and similar.
†Forecast.
Source: DRI Europe.

Western Europe's sales of 4WD cars



Free-for-all battle for record sales

By John Griffiths

ALL OF A sudden, it seems, Europe's executive car buyers have become thoroughly spoiled for choice.

By the end of this year, Peugeot will be alone among the leading European manufacturers in lacking an executive car range which is either all-new or close to being so.

Peugeot, perhaps understandably against the background of its, and much of the European industry's, heavy losses of the early 1980s, chose to concentrate in that period on launching competitive high-volume small and medium-sized cars, with notable success, in the form of the 205 and 309 models.

But it may well have cause for regret that its nearest successor to its partly facelifted but still aged executive cars, the Peugeot 604 and 505, and the Citroën CX, is still at least a year away.

The reason is the new mood of economic optimism currently sweeping the Western world. It is created by factors which have emerged mainly since late last year. They bode particularly well for sales of larger, well-equipped executive cars.

It is these cars which offer manufacturers the potential for high profit-per-unit which have been so singularly absent in the small and medium-size volume cars sector.

The factors include:

- Collapse of world oil prices;
- Falling interest rates;
- Cheaper non-oil commodities;
- Rising real incomes and company profits.

Industry forecasters believe that against this backdrop of lower inflation and increased economic growth for almost every country except those heavily dependent on oil exports, the overall prospects for the motor industry are good.

Indeed, the consultancy group DRI Europe says its own forecasts for the industry over the next few years are "the most optimistic in many years."

But in the new climate of affluence (a least for those in work) and with the oil price now apparently set to stay at a low level for the foreseeable future, the prospects for the new generation of much more economical executive cars are seen as being relatively brighter than for the industry as a whole.

Thus DRI, for example, forecasts that by the end of the decade European production of executive and luxury cars will have increased by nearly one-half compared with the trough of the last recession—to 2.9m units in 1990 from 2m in 1981. The industry is already well on course to achieve this, with production reaching 2.37m units last year and forecast by DRI to achieve 2.67m units next year.

The worry, triggered by the 1979 oil crisis, that most European buyers were moving permanently to smaller cars—"downsizing"—had been a considerable one for the volume makers. This trend was certainly apparent in the early 1980s.

But what Ford, GM, Renault et al did not really know was to what extent dwindling total executive car sales might also be a function of the lack of appeal of their own model ranges in that sector.

There appeared to be a pretty good clue that models might be the problem, for Mercedes, BMW, Volvo, Saab and Jaguar were enjoying record sales and, in most cases, profits.

The surging sales which have since been enjoyed by the volume makers' new products such as the Renault 25, the now highly-diverse Audi executive car ranges, and more recently Ford's new Granada/Scorpio have shown clearly that the buyers were there but waiting for the right products.

There has been the arrival of, among others, the Saab 9000, the Lancia Thema and Fiat Croma—all variants of a collaborative project (the "Type Four" car) between the three manufacturers, and also involving Alfa Romeo, whose own version is yet to be launched.

In the UK, the launch is due next month of the Rover 800, Austin Rover's new executive car developed jointly with Honda. This is to spearhead the BL subsidiary's return to the North American market.

Six months after the Rover 800, Austin Rover's Cowley plant will also begin producing a version for Honda, named the Legend, for Honda to sell in Europe. Honda is also building the 800 for Austin Rover in Japan.

Before the end of the year, GM's European car-making subsidiaries, Opel and Vauxhall, will have launched the first of what is intended to be a completely new range of executive cars, starting with the Opel Rekord/Vauxhall Carlton.

Other activity among the specialist producers includes the launch by Mercedes of a completely new range of mid-size cars and estates, the 200-300 models. They look well set to repeat the success of their similarly-named predecessors, which during their nine-year production run became Mercedes' best-selling cars.

BMW has introduced a profusion of variations on its 3- and 5-series cars and before the end of this year will have launched a completely new top-of-the-range 7-series model.

Jaguar, performing the automotive equivalent of the world's lengthiest strip-tease, might pull the last wraps off its eagerly-awaited new XJ40 saloon at the Birmingham Motor Show in October.

Volvo, whose reputation has been built mainly on safety and large saloons and estates, is soon to put on sale the 480ES, its first return to the sporting coupé market for nearly two decades.

Even if the market is expanding to help to accommodate such a plethora of new models, competition for sales within Europe is still likely to intensify.

To complicate matters further, profitability for the European executive car producers is coming under increased pressure as a result of the steep decline in the value of the dollar.

Another effect of the changed dollar-yen relationship is that Japanese manufacturers, now struggling to make profits on their North American car sales, have swiftly turned their attention to Europe as an alternative source of profits.

Europe has come into their marketing sights at the same time as the first generation of Japanese cars seen as being genuinely capable of challenging European executive cars head-on in performance, handling and styling terms—like Toyota's latest Celica—have been arriving on the market.

Japanese pressure on Europe had been mounting rapidly even before the latest developments. Last year Japanese manufacturers took a record collective market share of 10.8 per cent in the 16 main West European markets. That represented 1.4m cars, 100,000 more than in 1984. Last year, their combined share overtook that of Renault and was just 2.1 per cent behind that of the European market leader, Audi/Volkswagen.

Nor has the Japanese success been confined to "soft" markets. Last year Japanese cars took a record 13.3 per cent of new car sales in West Germany, heartland of the European motor industry.

But even the Japanese government has become alarmed at the manner in which car exports to the EEC have accelerated in the past few months. The value of shipments more than doubled in May, compared with a year earlier, at $423m.

Seeking to head off a renewed bout of protectionism, the Japanese Ministry of Trade and Industry was preparing at the beginning of this month to ask manufacurers to exercise marketing restraint.

For the first time since the 1970s, competition in the executive sector within Europe could conceivably be increased as a result of more serious attempts by North American manufacturers to sell US-built cars in Europe. The new exchange rate balance makes this at least feasible, with Chrysler—which no longer has any European production—said particularly to be considering the possibility.

Despite the competition, DRI strikes an optimistic note about the executive car production prospects of most of the individual European producers at least to the end of the decade (see Table).

This is just as well, as capacity continues to be added. Both Mercedes-Benz and BMW have recently opened additional factories, for example, while Volvo, Saab and Jaguar are also actively extending capacity.

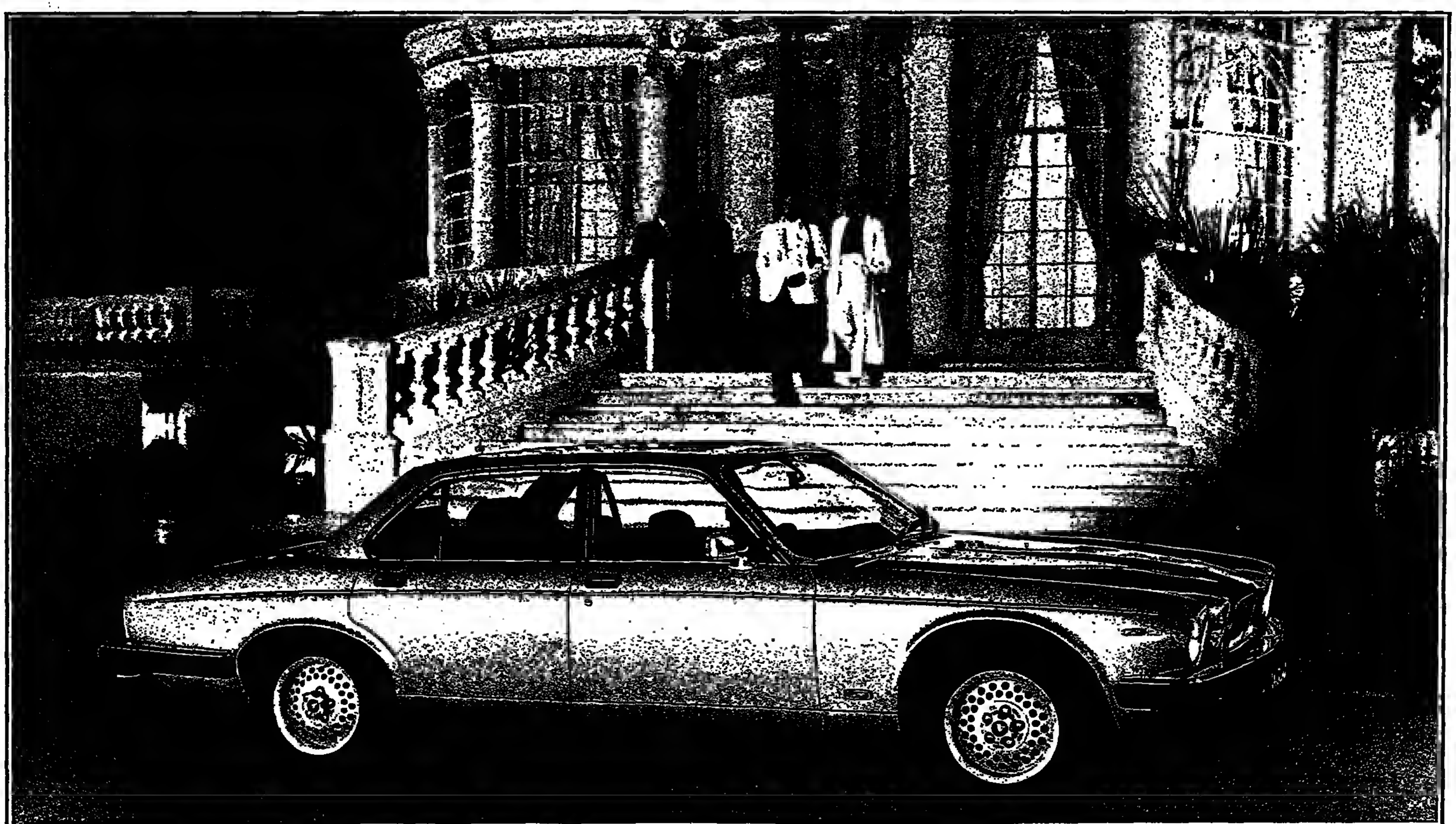
Meanwhile, the race into new and ever more advanced specifications for executive cars is accelerating.

Sales of passenger cars equipped with four-wheel-drive are increasing far faster than was envisaged when Audi launched its first Quattro model four years ago. As an indication, Ford's 4wd Sierra sold nearly 2,000 cars in the UK alone in the first quarter of the year.

Anti-skid braking has moved rapidly from being an exclusive £1,000 option on the most luxurious executive cars to becoming a mandatory fitment for any manufacturer regarding itself as a serious executive sector competitor.

The days when a manufacturer could produce a bad car, or even just a dull one, and expect to survive, let alone flourish, are certainly over.

HOW RICHLY DO YOU DESERVE YOUR 1986 JAGUAR?



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Headlamp wash/wipe as standard on both models. Etched stainless steel front and rear treadplates. (We make no apology. To a Sovereign driver, the quality of the treadplates is of importance.)

And when you consider that a new Sovereign provides all this at a cost measurably less than that demanded for 'comparable' motor cars, you'll agree that the decision to choose a Jaguar is in itself a laudable feat.

After all, a Sovereign has always been a sound investment.

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JAGUAR CARS LIMITED, ENGLAND

Company policies

Matching pay to model

TO QUALIFY for an executive car as a "perk" in most British companies you have to work your way up the ladder to a fairly high-ranking joh with reasonahle pay. That much is obvious. But what about the detail?

Well, the recent research shows that in larger companies the typical salary level at which the "perk" car (allocated even though the executive does not need ona) becomes part of the total remuneration is around £16,500.

For medium-sized companies the salary level is between £14,000 and £14,500 and for small concerns £13,000 to £13,500.

Companies, therefore, tend to define the car they will allocate to an employee of a given standing by reference to a named model. For example, "the managing director is entitled to a *Jaguar XJ6 4.2 or other car of* European manufacture of no greater capital cost."

More rarely, at least where senior management and executives are concerned, the individual will be restricted to a particular model. "A director is provided with a Rover 3.5 Vanden Plas."

It is becoming increasingly common for an executive to be eligihle for a car from a pre-agreed list of heteen two and 10 models. Of course, the more important he is within the company the more choice ha usually has.

However, a recent *survey* provided the information that 18 per cent of company chairmen and 15 per cent of chief executives had no choice of company car. The people who carried out the survey suggested that these figures were misleading.

"We suspect that if the chairman or chief *executive really* does not want his Daimler Douhle Six, no one will object to him taking an Audi, BMW or Ford. Excluding these two categories, there is a clear relationship between status and freedom of choice," they add.

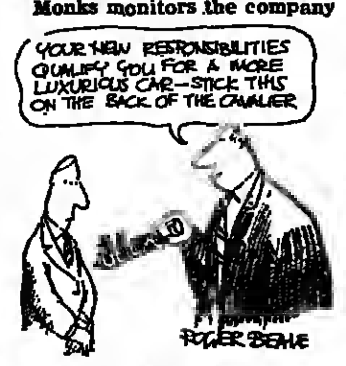
It is now also accepted practice in *many UK companies* to give a choice at more junior levels, particularly where models from two or three mannfacturers are considered to be of similar qnality and overall cost.

A minority of companies will fix the size of the car—in terms of a cash limit—for example, "a director is entitled to a car costing not more than £12,500"—or hy reference to a monthly leasing or contract hire cost or some comhination of the two.

Very rarely an engine cuhic capacity limit will be imposed in addition to the cash limit. Specific types of car, "sports models" or "estate cars" may be forbidden.

We have to thank Monks Guida to Company Car Policy for making this much clear to us.

Monks monitors the company



car scene carefully and its latest report, based on a survey of 187 concerns between them operating more than 75,000 cars, shows that UK groups have been trying to take a more cost-conscious view of their policies.

In the past the researchers found, not surprisingly, that those companies intending to improve the value of the car benefit to their execntives managed to do so. Employers wishing to cut the benefit found the task much more difficult.

However, Monks surveys carried out earlier this year showed "for the first time, those seeking to hold or reduce costs or benefits have been at least as successful as those increasing costs."

Tha sole exception that oeed not concern us here is the *allocation of cars to sales representatives*, which is the area of greatest cost to companies. For this group both freedom of choice and the provision of some petrol have increased.

Some 12 per cent of companies surveyed by Monks said they intended to carry out changes which might reduce costs. These include extending replacemeot periods, experimenting with the use of diesel cars, restricting the provision of private petrol, raising tha perk car threshold or reviewing tha list of models made available to employees.

Other main findings in the survey include:

Austin Rover has gained ground in the fleet sector for essential users hnt is rapidly losing out in the executiva "perk" sector as the appeal of its big Rover saloon fades.

While outright purchase remains the preferred method of acquiring fleets, tha popularity of contract hire is increasing.

Companies are tending to keep their cars longer.

In spite of further rises in the assessed tax benefit of company cars for employees, this remains a very cost-effective reward for both the company and the employee.

The report notes that a slow but steady increase in the volume of petrol supplied for private use in recent years seems to have been halted.

Jaguar remain the most popular make for chairmen, taking 40 per cent of the market (followed hy Rolls-Royce with 10 per cent) and among other directors (26 per cent).

Ford (37 per cent) led the senior manager category, followed by Rover (24 per cent) and Vauxhall (20 per cent).

Austin Rover still trails well behind Ford and Vauxhall, taking 16 per cent of the area sales manager category compared with Ford's 46 per cent and Vauxhall's 32 per cent.

At sales representative level, Vauxhall, with 39 per cent, is not far behind Ford, which has 44 per cent, Austin Rover has 14 per cent.

Monks Guide to Company Car Policy, £30 from Monks Publications, Debden Green, Saffron Walden, Essex, CB11 3LX.

Kenneth Gooding

Ford's Granada/Scorpio, now market leader in the executive sector

The UK

Battles for the top sales

SALES OF what has been Austin Rover's main executive car range, the 2000-3500 SD1 models, have been in a state of almost free-fall this year.

In tha first quarter they were less than half the 1985 level. The 1,502 vehicles sold represented only 14 per cant of the 10,765 sals achieved by Ford's Granada/Scorpio. The Ford model is now the UK executive car sector's clear market leadar, its sales being nbout douhla those of its closest rivals, Vauxhall/Opel and Volvo.

Tha Austin Rover cars were outsold in the first quarter by, among others, the Andi 100, BMW 5 series, Mercedes 190, Renanlt 25 and Saah 900.

The principal explanation is, of course, that the now 10-year-old cars are to be joined next month by an entirely new range, the much-vaunted Rover 800 models developed jointly with Honda. (Production of some of the old Rovers will continue for a year or so until a hatchback version of the 800 can be launched—the first models are all saloons).

The impact of the 800 oo Austin Rover's sales performance ought to be even more dramatic than that of the new Granada oo Ford's. Granada sales more than doubled between last year's first quarter and this, but then the "old" Granada still substantially outsold the SD1 early last year.

At each successive new car launch since the Metro, Mr Harold Musgrove, Austin Rover's chairman and his colleagues have portrayed the model in qoestion as crucial to the company's survival or future. Each model has fallen short of the company's sales expectations.

Partly, this was because of the sheer intensity of competitioo in the new car market.

But there were also some quality and reliability problems with each car, inclnding early Montegos. Austin Rover says much of the criticism was unfair, and that all new cars have teething problems. But they did nothing to help Austin Rover's position in the all-important fleet market, which accounts for about half of all new car sales in the UK.

Partly in preparation for the 800 launch, Austin Rover has been running a strong image and marketing campaign among fleet users since the start of this year, to convince them that the quality problems really have been laid to rest. There has been a "last chance" mood attached to the drive, for as one senior executive acknowledged, "there have been too many false dawns."

This has gone hand-in-glove with a quality drive dreamed up by Mr Musgrove about 18 months ago, under which all Austin Rover's management have been detached from their day-to-day tasks for four weeks on a rota basis to ondergo "national service" (Mr Musgrove's term).

Their hrief was to take cars fresh off the line and drive them into the ground in pursuit of faults; to phone customers and dealers for views on the vehicles' shortcomings; and tackle maverick component suppliers—even stop the prodnction line if they felt this was necessary.

Not surprisingly, they have become known by the workforce at large as the "SWAT teams"—but their activities are claimed to have led to "hundreds" of quality improvements.

Mr Musgrove, and by now Mr Graham Day, the former British Shiphuilders chief who hecame BL's chairmao in May, know that with the Rover 800 it really is "make or break" for BL's volume cars subsidiary.

Execntive cars, usually fitted with *lots of extras, provide* manufacturers with tha possibility of retaining mnch more profit per unit than smaller or less expensive vehicles. The success of the specialist European producers in the UK execntive car market indicates that it is a sector in which prestige and product "image" can be as hig, or higger, a factor in the purchase decision as what discount, if any, the car can be bought at.

Indeed, publicly at least, importers such as Mercedes and BMW strongly discourage discounting by their dealers.

So if the 800 can sell well on its design, engineering and quality merits, rather than price, it could at last allow Austin Rover to move firmly into the hlack, compared with the hreakeven level aronnd which it has hovered for the past several years.

The importance of the 800 is further nnderlined by the fact that it is the model which will take Austin Rover back into the *potentially highly* profitahle North American market, where it will be known as the Sterling.

But there is another key aspect, related to the UK. As Mr John Parkinson, fleet sales director, points out—it could provide the means by which Austin Rover resurrects the image of its *other models* among some fleet users.

So far, Austin Rover has giveo no details of advance orders for leasing and contract hire companies are reporting a high level of interest from UK executives on whose behalf they buy cars, and who seem prepared to give Austin Rover another chance.

If these senior managers and directors do like the 800, Austin Rover believes there should be a "halo" effect oo the rest of its range which would be visible in two ways:

The 800 users would be highly likely to include the decision makers who formulate overall *company* car policy. So based on good 800 experience, they could be inclined to allow other Austin Rover modals back into their fleets.

And middla managers, representatives and other employees—many now "user-choosers" who can select their cars from a small list of nsually UK-badged manufacturers—would more readily settle for an Austin Rover if one was driven by the "boss."

The company admits that, for the moment, it remains theory—and one which depends heavily on the 800 being *fully* competitive right from the start.

Competition is intense, and still increasing. Other major new models have been launched in tha UK within the past 12 months by Mercedes, with its new medinm-sized 200-300 series model; Saah, with turbo-charged and fuel-injected versions of the 9000; Lancia with its Thema and Fiat with its Chroma (the last three cars involving collaboration between their mnnufacturers under a "Type Four" project which will also lead to a new executive model from Alfa Romeo).

Vauxhall/Opel, whose marked UK revival since 1981 has also been a major complicating factor in Austin Rover's recovery, has seen sales of its often rejuvenated hut now ageing Carlton and Senator executive models tailing off.

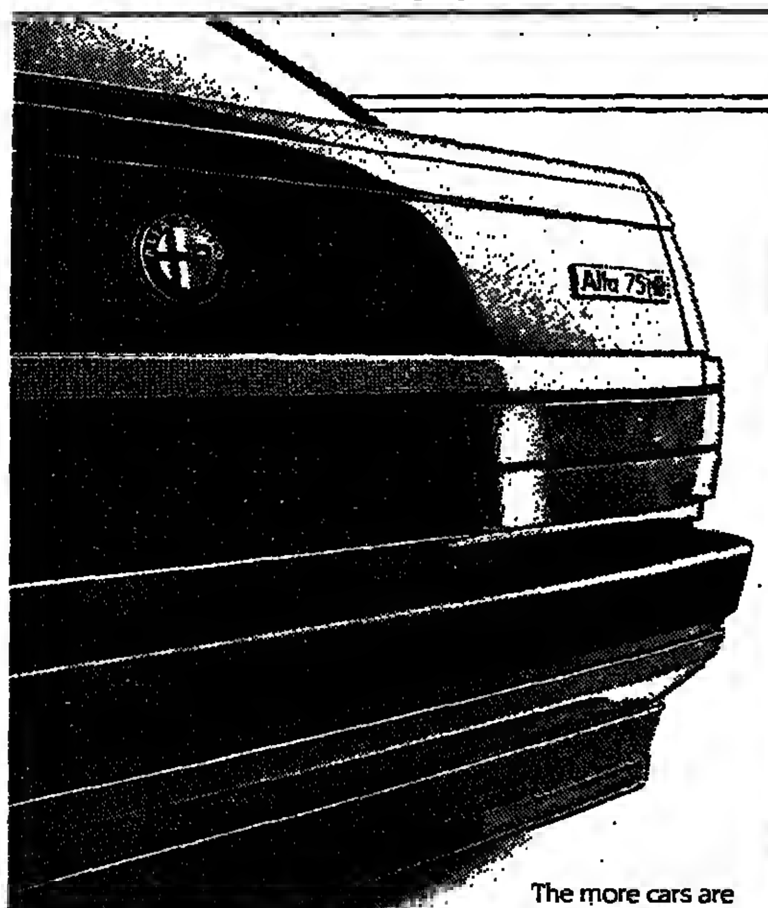
Bot it, *too*, will become e major contender in the executive car stakes from the autumn, when its all-new car, code-named Omega, goes on sale.

But the manfacturers possihly can take comfort from the fact that most forecasters expect the execntive sector to take an *increasing proportion of total* UK new car sales.

Analysts DRI Europe, for example, forecast that executive car sales this year will increase to 215,000 units this year, from 204,000 in 1985, despite a downturn in the total market from a record 1.83m units last year to 1.775m.

DRI forecasts further increases, to 234,000 in 1988, before sales start to drop back. But they will still be above the 1985 level in 1991, says DRI.

John Griffiths



IF YOU'VE NEVER DRIVEN A FERRARI, LAMBORGHINI, MASERATI OR PORSCHE, YOU'VE NO IDEA WHAT IT'S LIKE TO DRIVE AN ALFA ROMEO.

The more cars are made to appeal to the widest possible group of people, the less performance cars they become. And whilst these rather ordinary cars sell like hot cakes, they are soft options compared to true driving machines.

All these cars have one essential thing in common, pioneered by Alfa Romeo in 1910.

An ethic. One which still holds good in the eyes of the world after 76 years.

Performance cars. Ignore the 0 to 60 factor.

The ability to make a car go like a rocket in a straight line should be the last consideration when designing a new car.

The moment you grasp this essential point, the easier it becomes to understand the difference between performance cars and ones that simply go quickly.

Having made our point, let's now add this: the new 2.5 litre Alfa Romeo 75 is capable of over 130 mph.*

The Alfa Romeo growl.

A racing car makes a shattering noise, as you know. Performance cars hit a similarly attractive note.

Why?

A combination of overhead camshafts and perfectly tuned inlet and exhaust systems produce that throaty stuff you hear when you're being overtaken.

By a new Alfa Romeo 75, for example.

It shines in the rain.

Take a corner just a little too quickly on a rainy day, in a car with 'spongy' suspension, and you could find yourself hanging on to your steering wheel.

You might find the back end of your car inclined to go elsewhere, as well.

Not so with the Alfa Romeo 75.

Double wishbones at the front and De Dion rear suspension keep you on course where others might go adrift.

Not just overdrive. Another gear.

Most car makers give you overdrive to reduce fuel costs and cut down engine strain.

Alfa Romeo, of course, give you five real gears.

Having a fully effective 5th gear improves the entire set of ratios, making your car a good deal more responsive.

Don't change down to overtake. Stay in 5th and put your foot down.

Built in. Not bolt on.

Buying an ordinary car then adding on a lot of paraphernalia may turn a few heads.

But it won't improve your performance on the road.

Alfa Romeo cars do of course have all these things. However, you can't see them.

They're designed within the shape of the car, creating perfect handling and control in almost any conditions.

For brakes, think Formula 1.

The 2.5 litre Alfa Romeo 75 has ventilated discs up front, inboard discs at the rear.

To be found on Formula 1 cars, no matter who builds them. Not to be found, however, on the majority of production cars who simply can't afford them.

Pity. A car that goes must be a car that stops.

How cars drive. It's in the balance.

Some people spend thousands on a car, then do something rather surprising.

For example, put a bag of cement in the boot.

Not crazy. Just necessary. If your car hasn't got equal weight distribution front and back, you could be in trouble.

Balance the new 75 on your finger, and your finger will be dead centre of the car.

A balancing act achieved by placing the clutch and gearbox where Porsche 928's have them. At the back.

ALFA ROMEO PERFORMANCE CARS

A first class feeling. First hand experience.

A test drive in the new Alfa Romeo 75 will take you further than around the block.

You'll want to drive in traffic, accelerate between lights, get it on the open road.

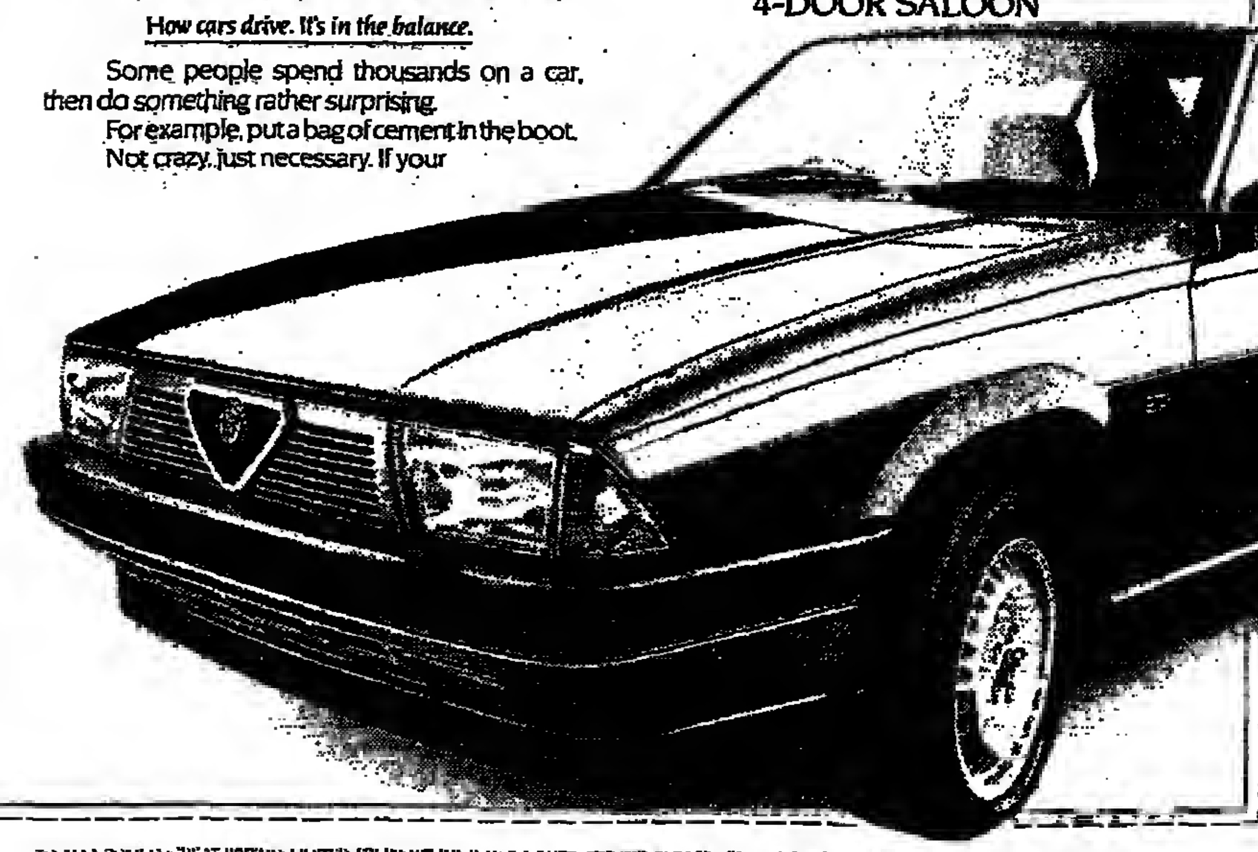
En route, your Alfa Romeo salesman will doubtless remind you about the Alfa Romeo 6-year anti-corrosion and 3-year unlimited mileage warranties and all that other important stuff.**

He'll give you engines to think about: 1.8 or 2.5 litre Cloverleaf. At prices starting from £8949.

Chances are you won't be listening.

For the full story about the new Alfa Romeo 75, either call 0800 521300 or complete the coupon below.

THE NEW ALFA ROMEO 75 4-DOOR SALOON



PRICES CORRECT AT TIME OF GOING TO PRESS. ALFA ROMEO 75 1.8 LITRE [illegible] 2.5 LITRE CLOVERLEAF [illegible] PRICES INCLUDE VAT AND CAR TAX EXCLUDING DELIVERY, ROAD TAX AND NUMBER PLATES. *MANUFACTURER'S FIG. **SUBJECT TO THE TERMS OF THE ALFA ROMEO WARRANTIES.

TO ALFA ROMEO (GREAT BRITAIN) LIMITED FREEPOST PO BOX 5, DOVER CT17 0BR. PLEASE SEND ME FURTHER DETAILS OF THE NEW ALFA ROMEO 75

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I FEEL FREE

THE NEW RENAULT 21. AT LAST THERE'S SPIRIT IN A FAMILY CAR.

RENAULT BUILD A BETTER CAR

The minute you sit in the new Renault 21 you're aware of a generous feeling of space. No other car feels quite like it. And that's the way we wanted it.

The roof line is a little higher than usual. Result: more space.

The doors curve over at the top to meet it instead of finishing short. Result: more space.

Pillars are slim, there's a large area of glass and interior door panels are deeply recessed. Result: more space.

Ergonomic front seats adjust on unique 'monotrace' rails. Result: perfect driver position and extra rear passenger footroom within that space. In most models, the rear seat splits 60/40 and folds down. Result: you've guessed it.

Where you could normally stow a violin, you're now free to transport a string quartet. Give or take a crotchet.

What you get within that space depends on your choice of model.

There are six. Each has front wheel drive so there's no drive shaft, no bump in the floor and yes, more space. And each is extremely well equipped.

Our top of the range TXE has a state of the art digital dash, electric windows all round, adjustable steering wheel, electric door mirrors on both sides and power steering.

The doors and boot have central locking. You can open them by remote control. That's freedom for you.

Also standard is a digital stereo/radio cassette and a best in class top speed of 125 mph.

Superb handling and ride are courtesy of a rock solid, four torsion bar rear suspension and ultra low profile tyres.

Our least expensive model is no slouch either. It has a slippery Cd of 0.29 with a top speed of 110 mph. Both best in class figures.

Up a notch, the GTS returns 55.4* mpg at 56 mph. Yet another best in class.

The Renault 21 range has engines from 1721 cc to 2.0 litres and prices from £6,485 to £10,170.

So how will you feel about a car which at last offers space, performance, economy and that rare commodity, spirit?

We'd like to suggest you'll feel free.

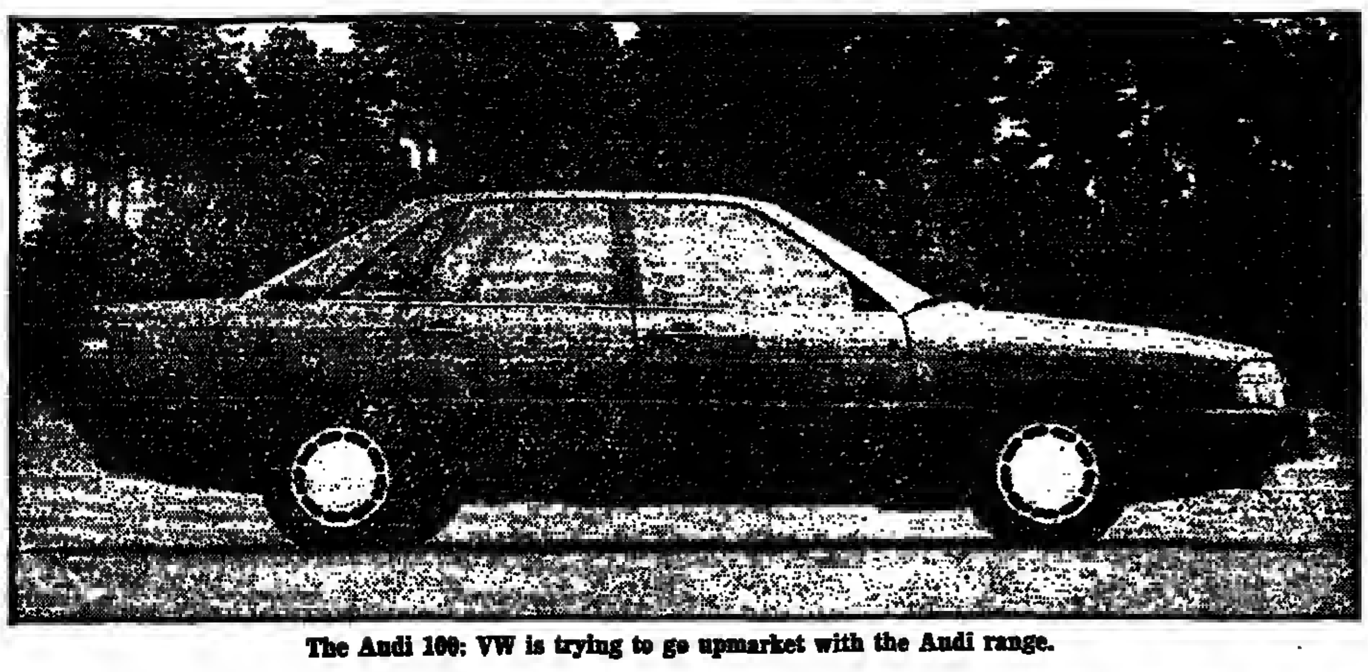
RENAULT 21

RENAULT 21. FROM £6,485 TO £10,170.

Car shown Renault 21 TXE with optional alloy wheels. Prices (correct at time of going to press) include 15% VAT, Car Tax and front/rear inertia seat belts. Number plates and delivery extra. *Official DoE figs. Renault 21 TS/GTS 56 m.p.h. 55.4 m.p.g (5.1 L/100km) 75 m.p.h. 43.5 m.p.g (6.5 L/100km) urban 31.4 m.p.g (9.0 L/100km). For a brochure write to Renault UK Ltd, PO Box 36 Southall, Middx.

RENAULT recommend elf lubricants.

EXECUTIVE CARS 4



The Audi 100: VW is trying to go upmarket with the Audi range.

West Germany

Help from domestic upturn

SPECIALIST car manufacturers in West Germany have weathered two sometimes difficult years hut are now looking towards significant growth in the important domestic market.

In 1984 car output was stopped for seven weeks as part of the labour conflict over shorter working hours. Last year tho market was thrown into disarray by uncertainty over tho Federal Government's new emission control measures.

Even so, a record 4.17m cars were prodnced (ospecially more higher-valued models) in 1985 and the industry is now well-placed to benefit from the upturn in the domestic market, buoyed by falling interest rates and tax cuts among other factors.

In April output was np 18 por cent over output a year earlier, and total prodnction for the first four months was 1.629m vehicles. Moreover, exports were stagnant while domestic demand jumped sharply, leaving manufacturers unable to keep pace.

This is particularly good news for BMW. The Munich-based company has been slow to recover from a severe drop in its domestic market share last year. Profits last year fell by 9 per cent to DM 300m or sales of DM 18bn.

Much of this fall was due to BMW's admitted failure to anticipate the damand for diesel-powered cars. Registrations of diesel cars douhled last year, but BMW was late introducing its own 3-series diesel model.

This allowed its arch-rival Daimler-Benz to cnt into BMW's market—aided by the success of D-B's compact Mercedes 190 series models and diesel range which have attracted new buyers into its sphere.

BMW ended tha year with its West German market share down from 6.8 to 6.2 per cent, while Mercedes climbed from 9.6 to 11.6 per cent on 18 per cent higher home market sales.

The Munich company argues that en emphasis on market share ignores the more important measure of profitability. Yet a certain sensitivity on this score was reflected in the unexpected departure early this year of BMW's sales director, Mr Eberhard von Koerber, and a shift in the group's marketing approach.

Moreover, the market setback started a hroad debate abont BMW's design policy, with some suggesting that the latest 3-series and 5-series models were not sufficiently different from their predecessors.

"It is an utter mistake to base design on fashionable trends," says Mr Herbert Stricker, chief of prodnct planning. "Our cars are appreciated for their classic styling."

Tha lannch this autumn of a new 7-series saloon may, however, be the crucial test of BMW's credibility on this score—not least because it will set the tone for the new 5-series which is expected late next year.

Mr Stricker concedes, bowever, that "the time was ripe for the successor to show a somewhat more dramatic style change." Tha new S-series, which will be available in standard and long-wheelbase versions, will be broader and more solid' in appearance without being obviously "stretched."

BMW was ahle to compensate in the drop in its domestic sales last year with a rise in exports, particularly to tha US but also to the UK. Bnt the current strength of the US dollar is expected to take its competitive toll on that market for West German exporters in general.

Moreover, the focus on exports has prodnced long waiting periods at home and BMW execntives concedo that "it cannot be healthy to let the export market exceed o certain share of the total. We cannot lot tho export side take over."

To help meet this demand, tho quality car manufacturers have carried out heavy investment programmes.

Daimler-Benz has spent DM 1.1bn on extending and modernising its Bremen works. The new DM 1.3bn BMW plant at Regensburg, Bavaria, is expected to begin prodnction this autumn and will huild up to an annual capacity of 40,000 vehicles.

BMW prodnced 445,000 cars last year, np 3.06 per cent, and roughly 290,000 were exported. Of these, 33,450 were registered in the UK.

Daimler-Benz is planning a "considerable increase" in its car output this year. Last year it prodnced 541,000 cars, up 13.1 per cent from 1984, when it was hit by the seven week labour dispute.

Its Bremen plant has been built up as the second major assembly centre after Sindelfingen, near Stuttgart, and it is understood that annual output could approach 600,000 within the next few years.

After a slow start and intense marketing efforts, the Mercedes 190 model has proved an important complement to its range of big high-performance saloons with six-cylinders or V8 engines.

Output of the Mercedes 190 climbed from 90,000 in 1983 to 211,000 last year and the model has attracted new customers rather than diverting existing buyers oway from higger models. Its new mid-range 200-300 series has also been well received.

Daimler-Benz sold 18,086 cars in tha UK last year, up 25 per cent on 1984, although in the execntive market it still suffers somewhat from its image as a luxury marque.

Its net profit soared by 52.4 per cent last year to DM 1.68bn on sales revenne up by 20.5 per cent to DM 52.4bn. This year it expects to boost sales revenue by a quarter to DM 66bn, dno mainly to the full consolidation of tho AEG electricals concern.

Motor vehicle turnover is expected to stagnate as a result of the weaker US dollar-denominated receipts, however.

The German speciality car prodncers—stressing the "genuine technical qualities" of their products — have so far managed to fend off competition from European volume prodncers and Japanese "up market" challenges.

Moreover, they were abla to reap the benefits last year of high dollar-denominated sales, leaving them in a strong position to finance future investments.

Volkswagen has attempted to develop a more np-market and sporting image for its Audi marque, having seen its domestic market share drop from 6 per cent in 1984 to 5.5 per cent last year, and to 5.2 per cent for tha first four months of 1986.

With regard to the Far Eastern challenge, however, one executive conceded: "If the Japanese seriously targeted our parameters we would have to regard this as a clear threat."

David Brown

Italy

Making a fashionable change

A DRAMATIC transformation has occurred among Italy's top businessmen, ministers and senior officials. They are abandoning dark blne Alfa-Romeo Alfettas in which they used to be chauffeur-driven around Rome and Milan.

But they are not switching over to its replacement, the Alfa 90. They are preferring the Lancia Thema, the flagship not only of Lancia but of the Fiat gronp which owns Lancia. Tho Thema has become by far the most fashionable car for an important Italian to own.

The allure of the Thema, introduced in late 1984, is a major development in the Italian executive car market. It is the cause of a reduction in foreign manufacturers' share of tha Italian market and it marks the return of the Fiat gronp to the successful production of executive cars.

It ia also one more headache for the state-owned Alfa-Romeo concern, ever embarrassed by the rising strength of Fiat.

In 1984 sales in tho Italian executive car market totalled 90,000 cars, representing 5.5 per cent of the total car market. Tho higgest selling make was BMW, with 29.5 per cent. Next came Alfa-Romeo, with 24 per cent. A long way behind came Mercedes, with 10.7 per cent. Fiat, then selling tha elderly Argenta, has 9.5 per cent, and Lancia just 4 per cent. Italian manufacturers together had just 37.7 per cent of the market.

In 1985 the market was transformed. Some 100,000 cars were sold. Of these the largest singlo share was taken by Lancia, with 22.4 per cent. Next came Alfa-Romeo, down from 24 per cent in 1984 to 21 per cent, selling mainly tho Alfa 90. Third was BMW with 20.4 per cent.

Foreign makes took a total of 48 per cent of the market and Mercedes raised its share to 12.5 per cent.

In the first four months of this year tha new trends continued. Italian cars took no less than 64 per cent of a market that had risen to 47,000 cars for the four-month period and accounted for 6.8 per cent of total car sales.

Fiat's share was no less than 28.6 per cent (compared with only 4.7 per cent in the whole of 1985), marking the arrival of the Croma, the Fiat's version of the Lancia Thema. Lancia's share was 24.8 per cent. Alfa-Romeo's had fallen to 10.6 per cent, while BMW was down to 15.6 per cent.

Tha significance of these figures goes beyond the Italian market. They are yet another sign of tha rediscovered strength of Fiat and its subsidiaries, cancelling out tho 1970s memories of poorly-designed, poorly-mado vehicles prodnced in factories where the management had little control of the labour force.

Lancia, which has long specialised in elegant np-market models, had extra problems. At the start of the 1980s, in Britain at least, its name became fatally associated with the dreaded car disease — rust.

The Thema is the fruit of a collaborative venture between Lancia, Fiat, Alfa-Romeo and Saab of Sweden. Originally they intended not merely to design a similar car which would vary only in details. They also meant to share the prodnction of components to rednce costs.

In the end this could not be done because of each prodncer's need to reserve jobs. But three new models now have the same doors and platforms, though not the same engine nd transmission. They are the Lancia Thema, the Saab 9000, and the Fiat Croma. Next, Alfa-Romeo intends to bring out its own version.

The Fiat Croma is a hatchback version of the Lancia Thema and its arrival marks Fiat's return to the executive car market of many countries, including Britain, and, in effect, Italy, since the Fiat Argenta—an updated version of the Fiat 132—was an old design.

But it seems likely that the smart car to own in Italy for some time to come will be the Thema and not the Croma.

Fiat Auto, Fiat's car subsidiary which includes Lancia, last year made a profit of L402bn on sales of L12.026bn—a modest profit margin by the standards of some other industries but a record for Fiat Auto and impressive when set against the losses of many other European car makers.

Alfa-Romeo, however, presents a sorry picture, though one which is now tinged with rays of hope. It is part of the state-owned IRI group and has suffered horribly from the machinations of Italian politicians.

Their most dire act was to persuado Alfa-Romeo to set up a second car factory in Sonthern Italy ot the beginning of the 1970s to parallel the original plant at Arese near Milan and to provido jobs for unemployed Neapolitans, Calabrians and Sicilians.

Tho Pomigliano d'Arco factory near Neples was intended to prodnce smaller cars—the first being tha Alfasud. But from the start the plant was plagued by labour difficulties and the quality of tho sporty Alfasuds often suffered.

The whole operation became a serious drain on Alfa fnnds and on its management's time. The successor to the Alfasud, the Alfa 3, was only a modest success, and tha Arna, a joint venture between Alfa and Nissan of Japan, was a flop.

With the weakness of the European car market, Alfa found that it was using only 36.7 per cent of its productive capacity of 430,000 cars e year. It lost L240bn in 1985 and has debts of L1280bn. IRI, tho parent concern, sought ever more desperately for a partner, talking to companies like BMW and Volvo but without success.

Late last year Mr Giuseppe Tramontana, one of Italy's most experienced managers at reviving sick companies, became managing director. One of his early acts was to sack 72 middle managers and begin a shake-np of the company aimed at cutting out the deadwood left behind after years of political meddling.

Then, toward the end of May, camo the announcement that Ford of the US was interested in taking a stake in Alfa-Romeo, possihly even majority control. Ford and Alfa said that they were starting a two-monthly feasibility sudy of the possihle collaboration.

Ford, it oppeared, wanted to gain tho prestige of the Alfa-Romeo name. It would be able to help market Alfa-Romeo cars in the US and acquire a distinctive image for the top of its car range.

The idea that Ford would be able to take Alfa-Romeo off the hands of the Italian Government might have been hailed in political circles in Rome as a gift from heaven; indeed many politicians saw it as extactly that, and the trade unions did not appear to be opposed to the idea.

But Mr Bettino Craxi, the Prime Minister, oppeared to be less than overjoyed, publicly wishing that there could be an "Italian solution." A political row about the matter is quite possible.

Others qnestioned Ford's possihle intentions for the Pomigliano d'Arco plant. Would the US giant really wish to transfer production of cars from another European country to the Naples area?

If that proved to be the sticking point it would be another example of the evil legacy of the poliical decision to build the southern plant and draw resources away from what many people see as Alfa's true vocation—making executive cars. It is worth emphasising what was mentioned earlier: in the first four months of this year Alfa-Romeo had only 10.6 per cent of the Italian executive car market.

James Buxton

Lancia Thema: marking a return to executive car success for Fiat.

France

New models bring turnround

A SURPRISING turnround has occurred in recent years in the French luxury and executive car market. Of the country's two large manufacturers it was always the private enterprise Peugeot-Citroën group which was regarded as the main producer of more expensive models. Renault group, nationalised since 1945, was seen as primarily a manufacturer of small and medium-sized popular cars, but the situation has now completely changed.

With its successful R-25 top-of-the-range model and the recent launch of its new R-21 medium-to-large saloon, Renault now sells about twice as many big saloons as Peugeot and Citroën combined. Out of total Renault car sales of 570,000 on tho French market last year the R-25 accounted for nearly 84,000.

In contrast, Peugeot sales on the domestic car market last year totalled about 365,000, of which the top of the range 505 modoi accounted for 34,500 cars. As for Peugeot's Citroën subsidiary, it sold abont 227,000 cars on the French market last year, of which ebout 17,000 were top-of-the-range CX Citroën.

Peugeot's financial recovery, returning to the black last year after several consecutive years of heavy losses, has been backed by the commercial success of its small and medium-sized models like the Peugeot 205 and the Citroën BX. Moreover, the group is now aboot to hring in its new small Citroën AX.

With its R-25, Renault has managed to pull off one of the biggest successes in the luxury car market by a traditional large-volume car producer. Introduced in 1984, the R-25, with a V6 engine and front-wheel drive, continues to maintain a strong market position in France and abroad.

Renault has been pleasantly surprised by the success of the R-25, which has far exceeded its expectations. This car has been one of the brighter spots for the troubled Regie Renault, which is carrying out an important restructuring programme to cut losses. Last year these totalled no less than FFr 10.9bn.

After gaining about 4 per cent of the French market in its first year, the R125 saw its sales rise to 4.7 per cent of the domestic market last year. During the first four months of this year its domestic sales slipped to 3.7 per cent, but by May they were again up in the 4 per cent range.

The more expensive models of the new R-21 do not seem to have undermined R-25 sales. Even so, there was a dip in lower range R-25 models just before the introduction of the R-21. But sales appear to have picked up again. Renault is banking on tho continuing success of the R-25 and on its new R-21 to contribute to its recovery efforts.

Renault has also managed the achievement, for a large volume producer, of seeing the R-25 become the fourth-biggest seller in its category in Europe after the BMW series 3, the Mercedes 190 and the Mercedes Compact. Tha R-25 had 1.2 per cent of the overall European market last year and a 7.9 per cent share of the market for its category.

The BMW series 3, in contrast, had 1.71 per cent of the total European market and 11.26 per cent of tha market of its class, closely followed by the Mercedes 190 with 1.7 per cent of the total market and 11.1 per cent of its class. The Mercedes Compact had 1.55 per cent of the total European market and 10.2 per cent of its category.

But Renault, which owns 46 per cent of American Motors Corporation (AMC) decided not to market the R-25 in the US. The company explains that its market tests there suggested that the car would only have marginal success in some more sophisticated parts of the country like New England and New York, but not in other big areas like the Middle West.

Renault also considered that the cost of adapting the R-25 to US standards was too high for the number of cars the company believed it could sell in the US market. However, Renault will market the R-21 in the US as from next March.

The R-21 will be called the Medallion in the US and help to increase and renew the AMC range of models. R-21 models to be sold in the US will be made at Renault factories in France and Belgium and the company plans to make 50,000-60,000 a year for shipment to the US.

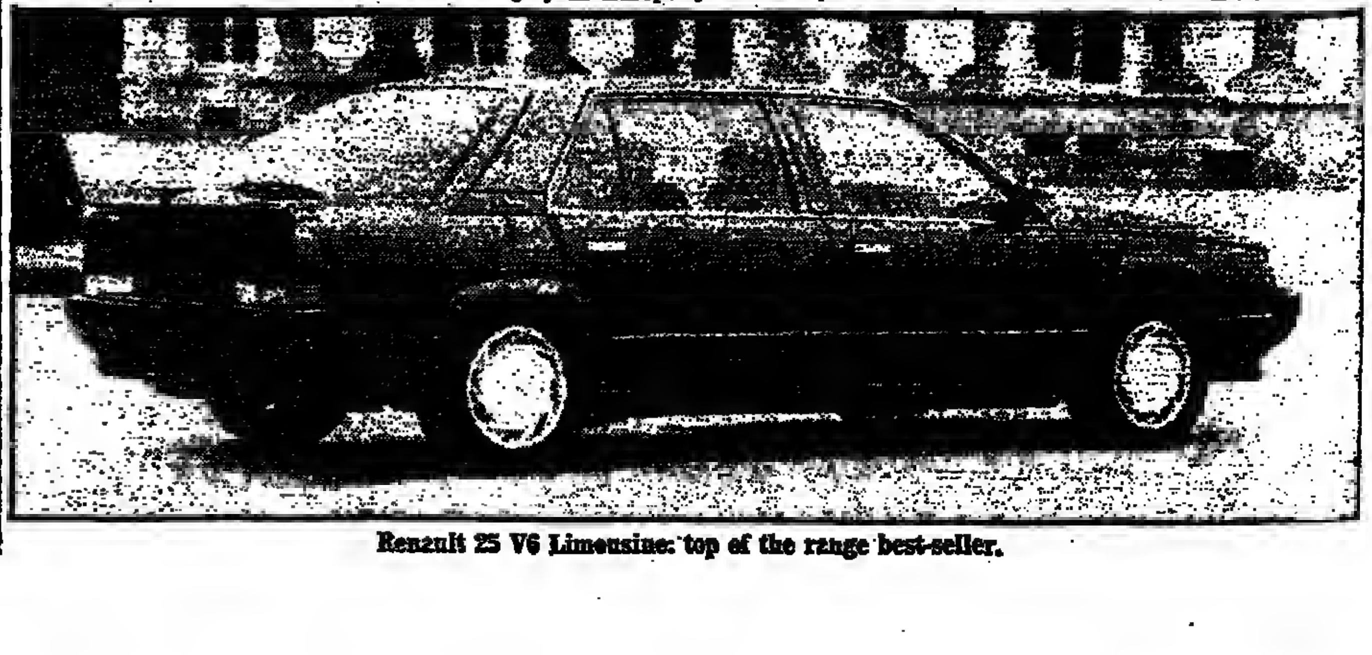
At the same time, AMC is dno to introduce its new top-of-the-range model around the middle of next year. A so-called "Class Five" car, it will be produced at a new Canadian plant at Brampton, Ontario, at a rate of 150,000 a year. The car is designed specifically for tho North American market.

Peugeot is now working on a new top-of-the-range modol to replace eventually the Peugeot 505. The rather bulky 604 luxury model has now been phased out and the new top model is also expected to be exported to the US, where the company has ambitions to enter the healthy market for European luxury cars. Its efforts there, have so far been disappointing, however.

The 505 had its interior restyled to give it a new lease of new life. Its share of the French market totalled 2.1 per cent in the first four months of this year, slightly more than the 1.9 per cent share of the home market last year.

For the present there are no immediate replacements in prospect for the CX top models of the Citroën marque. With Citroën introducing its new small AX model in the autumn the top of the range has had to make do with a restyling of the CX, whose share of the French market in the first four months of the year totalled only 0.9 per cent after 1 per cent last year.

Paul Betts



Renault 25 V6 Limousine: top of the range best-seller.

Nissan's Bluebird: the first UK-produced cars will roll off the Tyne and Wear production line next month.

Japan

Hopes on 'built in Britain' venture

NEXT MONTH the first Bluebird saloons will emerge from Nissan's Tyne and Wear assembly plant. Initially, an output of 24,000 a year is planned.

The cars will be essentially Japanese kits, with only marginal European content, and will be treated as imports, deducted from Nissan's UK quota under the Anglo-Japanese "gentlemen's agreement."

They will include a high-specification, 1.8-litre turbo-charged model. Nissan would be delighted if it became the company car of at least some junior to mid-rank executives, just as it hopes that a proportion of the cheaper UK-assembled cars will find their way into company fleets because they will have been "built in Britain."

Hitherto, Nissan's sales have been confined mainly to UK private buyers. But the Tyne and Wear car's acceptability to business users is a serious issue for Nissan, for next year, possibly even sooner, it will announce that it will move to "phase two" at Washington (Tyne and Wear).

Phase Two means the production of at least 100,000 cars a year, eventually with 80 per cent European content, before 1990. There is even a possible "phase three," in which 200,000 cars-a-year production could start in the 1990s.

Nissan UK, the privately-owned company run by Mr Octav Botnar which distributes Nissans in the UK (to include output from Washington), is expected to sell out eventually to Nissan itself.

Meanwhile, it claims to be spending about £100m on the dealer network to prepare for Nissan's need to take about 10 per cent of the UK market if full development of the Washington factory is to be justified. Its current share is about 6 per cent, representing sales of some 100,000 cars.

Nissan has no hope of achieving these aims without significant sales among business car users. But will it be able to overcome what is popularly perceived to be a strong prejudice among UK companies against buying Japanese cars?

The prejudice is held to have two elements: the perceived need for businesses to "buy British," and thus actively support domestic industry, and the belief that Japan has been responsible for many of UK industry's problems in the first place.

Ever since the Washington plant was first mooted, senior executives within some of the UK's larger fleet management and contract hire companies have been indicating that Nissan may well have an uphill struggle.

Such companies are a useful barometer of sentiment within the UK business car sector since they buy tens of thousands of cars a year—not of their own choice but on behalf of clients.

"So far, there's very little evidence of companies being prepared to buy Nissans on any significant scale, Washington-built or not," observed Mr Dominic Suddeby, deputy managing director of the Swindon-based PHH vehicle fleet management group.

"Whether that will change if they do start volume manufacturing there, is hard to say; but there's no way it's going to be easy for Nissan."

This month a survey undertaken by Herondrive, the fleet management and leasing subsidiary of Mr Gerald Ronson's Heron Corporation, appeared to provide empirical confirmation of the leasing industry's informal views.

Entitled the Herondrive Country of Origin Survey, it sets out to establish the importance, perception and implications for company purchasing policy of the country of origin of cars.

The survey was conducted among 50 companies of widely differing sizes and running fleets totalling 35,245 cars. The average size was 705 cars. The research was undertaken through interviews with directors or managers responsible for the purchase decision or having the key influence upon it.

Overall, the survey found that: 38 per cent claimed that no "country of origin" policy was operated; 36 per cent had a policy to "buy British," 26 per cent allowed also cars made in the EEC; and 32 per cent had a formal embargo against buying Japanese cars.

The embargo, however, appeared to have been imposed not because the company concerned itself disapproved. "A significant number of those embargoing Japanese cars," the survey found, "are less concerned about the implications of Japanese cars within their organisations than with the impact that it could have on a third party. This is felt to be an unnecessary risk."

Considering that it was undertaken among the presumably most sophisticated proportion of the car-buying population, the survey found much more confusion than expected about the true origins of cars—and where there was no confusion then at least a determination to stick to common perceptions of brand names.

So even though the Rover 200 is essentially a Honda Ballade made under licence by Austin Rover, all the respondents firmly declared it to be regarded as British.

The survey also revealed confusion about the US-based multinationals General Motors and Ford, 52 per cent classifying them as European, against 38 per cent "British."

Peugeot Talbot could find little comfort in the fact that although the Peugeot 309 is built at Ryton, Coventry, and with many British components, only 42 per cent of these fleet decision-makers believed the car to be British."

As for Nissan, despite heavy advertising of the fact that UK-assembled cars are on the way, 60 per cent said they would still regard the Washington-built vehicles as Japanese. Some 24 per cent said they would regard them as "British," with 16 per cent unsure.

In the unsure category, a number of the respondents said they would adopt more definite positions as the product became more familiar.

So although it is not totally gloomy now for Nissan but, the survey points out: "The combination of their overt Japanese branding and continued Japanese embargoes remains a real constraints."

In his own comment on the survey, Mr Steve Landau, managing director of Herondrive, observes that "these results clearly show that Nissan has a lot of work to do in penetrating the fleet market, at which the new British-built Bluebirds must be aimed."

John Griffiths

Sweden

Success in the US

SWEDEN'S two car makers, Saab and Volvo, are both building new factories at a time when Western Europe's volume car producers are still complaining about over-capacity approaching 2m cars a year and their consequent inability to make reasonable profits.

Yet only six or seven years ago many observers were predicting that Saab and Volvo were too small to survive. But by carefully positioning themselves in the executive car niche, mainly away from the hurly-burly of the mainstream market, the two Swedes now rank among the most financially successful companies in the business.

Recently there seemed to be another black cloud on the horizon. Saab and Volvo sell more than one-third of the cars they produce in the US. So this year they have been watching warily as the dollar slumped.

They did not expect the windfall profits the "heavy" dollar brought in during 1984 and 1985 to continue for ever. But the speed and steepness of the dollar's decline worried their executives.

It now seems that the US currency has stabilised at a level which still permits the Swedes to make a useful profit while satisfying the increasing US appetite for up-market European cars.

Mr Sten Wennlo, Saab's chief executive, says, for example, that his company will make pre-tax profits of between SKr 800m and SKr 1bn this year in spite of the dollar's fall and in line with the respectable SKr 822m for 1985.

Although Saab is adversely affected by the dollar's decline, the company has been hedging against currency fluctuations and is substantially protected until the middle of 1987.

Mr Roger Holtback, president of the Volvo Car Corporation, admits that the company's success in the US, coupled with the strength of the dollar, has been mainly responsible for it becoming one of the world's best-performing car groups, with an annual 40 per cent return on capital and a 20 per cent profit margin for the past three or four years.

Volvo delivered 102,305 cars to customers in the US last year, up from 97,915 in 1984 and more than any other European company. The US contributed more than half the 1985 operating profit of SKr 6.1bn.

Looking back, Mr Holtback recalls that in 1980 Volvo broke even on its US business by selling 54,500 cars at a time when the dollar bought SKr 4.

Last year the dollar on average bought SKr 9.75 and, although the rate has since slipped to SKr 7.2 "the dollar value remains very attractive to us." The dollar could drop another SKr 2 and Volvo would still make profits in the US, he adds.

Mr Holtback believes there is still plenty of sales growth left for Volvo Car Corporation in the US, but the company has no plans for an assembly plant there. Apart from the drain on management and technical resources that would involve, "American consumers have shown that they want a European car, not one assembled in the US."

Volvo Car has come a long way since 1980 when it suffered a traumatic SKr 195m loss and was being written off by many observers as being too small.

Volvo sold a record 392,000 cars last year, up 6,600 over the previous year, and this year should increase its sales volume for the sixth successive year.

Mr Holtback says: "We are going for step-by-step growth in volume and profit. There will be no big jump. We want to strengthen our position in Europe, sell well in the US and establish ourselves in Japan in the future."

Only 1,500 Volvo cars were sold in Japan last year but Mr Holtback suggests the potential there is for annual sales of over 5,000 by 1990.

Although growth in car sales volume might become rather pedestrian, profits should benefit from Volvo's significant move up-market. It is now selling cars worth a great deal more and with much more value-added. "It is much more important for us to add value to our cars than to sell more cars," Mr Holtback maintains.

Volvo now has three car "families" instead of the one on which it relied for most of the 1970s and it has expanded into the sporty part of the market as well as into the prestige sector with the 760/740 range.

Its total car output increased from 379,500 in 1984 to 397,200 last year of which 109,000 were the 300-series smaller cars produced by the associate company in Holland.

Although at a push Volvo could make about 300,000 big cars a year, it is to set up another assembly plant in Sweden at Uddevalla. Work will begin next October and be completed in 1988 when the new factory should have the capacity to turn out 80,000 cars a year—which gives a clear hint about Volvo's volume growth expectations over the next few years.

Over at Saab, Mr Sten Wennlo makes it clear that his main priority is to get production up in order to keep faith with the dealers who have invested heavily in the franchise.

As a late-comer in the industry—Saab did not begin exporting cars until the 1970s—the company had to make do with the crumbs from the tables of the major, well-established companies when putting together its dealer network.

Its recent relative success, based on the image created from its turbo cars, has enabled Saab to strengthen the network considerably. In the process it promised the dealers that although it would never push too many cars into the market, there would be more of them in the future.

At present dealers are having to wait up to six months for cars. Mr Wennlo says that is too long, even in the executive-luxury car market.

So Saab is spending SKr 360m to boost capacity to about 150,000 cars a year by 1988 and a further SKr 3bn on a new factory at Malmö to come into production late in 1989. This will lift annual output to around 180,000.

Saab expects to sell over 45,000 cars in the US—its biggest market—this year, up from 38,200 last year. Of this year's total, over 10,000 will be the new Saab 9,000, the top-of-the-range model jointly developed with the Fiat group of Italy (which has launched versions called the Lancia Thema and the Fiat Croma) and introduced to the US late last year.

The new cars' sales potential will really be tested when the automatic transmission version is available in the US this autumn.

Saab now expects to sell 125,000 cars world-wide in 1986 against 107,000 last year and a target of 120,000 set earlier this year—if production can keep pace.

Kenneth Gooding

Sports cars

Ready customers

DURING THE next 12 months about 200 European customers, 12 of them in the UK, will be taking delivery of their new Porsche sports cars. They will be paying aronnd £140,000 each for the privilege.

For their money they will get 450 horsepower, six speeds in the gearbox, a levar offering a choice of FOUR ways of using the Porsche 959's varieble four-wheel-drive system to cope witb dry, wet, icy, and other roads, and a wealth of other electronic gadgetry.

Their speedometers read to three times the UK's 70 mpb speed limit, and Porsche bas already demonstrated that the ears can achieve all but the last 10 mph....

During the year Porsche in the UK expects also to sell a few dozen more of its 911 Turbo Sport model, a relalive snip at £79,904; and some hundreds nf its larger and somewhat more sedate 928 S cars at close to £40,000 each.

Its "cheaper" cars, 924S and 944 models still starting at £15,500, and other 911 models will comprise the total of 3,500-4,000 sales wbich Porsche, based on the precedent of a decade of almost uninterrupted sales records, can expect to acbieve in the UK this year.

Two main conclusions might be drawn from the Porscbe experience:

Provided its products are attractive and tecbnologically advanced enongh, a manufacturer does not have to prodnce a great many to make very satisfactory profits. Porsche sold only 49,365 cars in its last fiscal year (still a record for the Stuttgart company) but achieved profits of $54.7m. In contrast, several of the volume producers with outputs 10 or 20 times larger than Porsche's mada losses;

Second, as the willingness of buyers to put up even £140,000 for a high-perforance car indicates, the market for aports and speclalist cars bas remained remerkably resilient to oil crises, ever-increasing congestion on roads and the imposition of speed limits everywbare outside West Germany — factors now making even balf the full use of sucb cars' performance impractical.

During the past year, Porsche Cars (Great Britain) has backed its own belief that the market for its cars will continue to grow with an £11m investment in a new headquarters at Reading. It is a measure of Porsche's optimism abont the future that the centre, whicb incorporates features like tennis courts and swimming pool for its employees, is designed to be able to process 6,000 cars a year — nearly twice last year's sales level.

The UK is for Porscbe, and most Europesn loxury and sports car makers, its second-best export market after North America. Mr John Aldington, Porsche Cars GB's managing director, recognises that tbis is so because the UK is unlque in having so many of its new car sales acconnted for by companies.

Most estimates put tbe proportion at around 50 per cent, and bigher—may be 65 per cent—when cars registered in individual names, hut used for business and thus tax-deductible, are taken into account.

Most of Porscha's sales, Mr Aldington acknowledges, lie within these two sectors. With companies showing no desire to abandon the "perk" company car, and some—particularly advertising, media and small "hi-tech" firms—offering ever mnre attractive ones to lure executives from rivals, the future for the leading specialist and sports car makers would seem assured.

Witbout doubt, however, the cnmpetition for available sales is going to get tougher, and a lot of the pressure will be cnming from a new quarter—the Japanese volume manufacturers.

The Japanese producers' determination tn head "up-market" is now well known and some of their biggest successes so far bave been in tba sports cars sector. Early this year, Mazda, for example, launched a new RX-7 sports car—closely resembling Porsche's 924S but mnre than £2,000 cbeaper. In the UK, RX-7 sales jumped from 164 in the first four months of last year to 246 in the sama period tbis year.

Toyota's MR 2, a mid-engined two-seater, bas become easily the higgest selling sports car in the UK this year, with sales of 685 in the first four months compared wilb 568 last year, despite Toyota being constrained on the volume of MR 2s it can import.

To put that in perspective, the Reliant SS1 sports car—substantially cheaper than the MR 2—launched by the British manufacturer last year to plug the gap left by the MGB and other traditional British sports cars, has attracted only 90 huyers over the same period.

Mr Young C. Kim, chairman of UK-based Panther Car Company, promptly ebandoned his own plans for a "cheap" mid-engined two-seater, then under development, as soon as he saw and drove the MR 2—opting to produce instead a £20,000-plus "supercar," the Solo, due next year, as he realised he could never match the Toyota model on its £10,000 price.

Sports cars are under development by all the Japanese producers and will be watcbed warily even hy companies like Ferrari. Nissan is soon to launcb the Mid-4, a four-wheel—drive "supercar" whicb is likely to be aimed at the Ferrari and top-of-the-range Porscbe models.

So wbo, apart from Porscbe, is likely to take up the challenge? Jaguar will be one. Its renewed racing sncceses, the desire to reduce existing dependence on a very narrow model range and the age of tbe XJ S conpe make a new sports car, a spiritnal successor to tha fabled E-Type Jaguar, a virtual certainty.

Other sports car companies, like TVR of Blackpool, show little aspiration lo produce cars in volumes moch above 500 units a year.

That leaves Lotus. The Hethel, Norfolk, company passed into General Motors ownership at the beginning of this year in a deal which valued the company at just nnder £23m.

Lotns has long had a reputation for innovation and engineering ingenuity far in excess of the size of its car production—only about 600 last year. Most of its profits have been coming from its angineering contracts undertaken on behalf of other manufacturers, and for which GM is its higgest customer, although its clients include almost every car maker of note.

Hitherto, however, Lotus's ideas bave consistently ontpaced its resources to transform them into reality—reflected in the fact that its current range of cars, the Excel and Esprit, are now essentially a decade old.

Suddenly, Lotus bas been given what is effectively a hisnk cheque. Mr Alan Curtis, Lotus' cbairman and Mr Michael Kimberley, chief executive, bave been told by GM that it will support them financially in any projects they wish to undertake and which appear financially viable.

So Lotus now expects to renew its entire model range and, not least, introduce a new cheaper sports car range in 1989. This car retains the X100 code name of a model which was to hava been launched late this year. But it evolved too slowly since 1980 during five years of ahoestring finances end is now being completely redesigned.

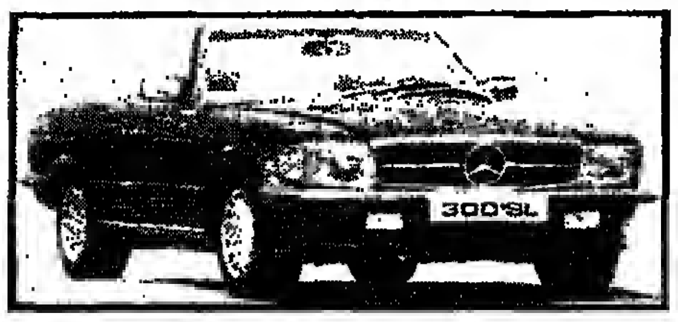
At least 5,000 cars a year are envisaged. So is a new "supercar," the Etna, a £70,000 model to challenge Ferrari's finest and due in the late 1980s, Incorporating Lotus's revolutionery "active" suspension and other advanced technology.

A sophisticated V8 engine that Lotus developed some years ago—and which it could not afford to put into production for its existing cars—is destined for the Etna and may be used by GM to power its Corvette model In tha US.

Inevitably, concern was expressed when the GM takeover was announced that Lotus wonld lose its identity, becoming simply a research and development laboratory for GM.

Both GM and the British Lotus board insist, however, that concrete "bands-off" guarantees bave been given. "The future is entirely up to us" (tbe British directors), observes Mr Curtis. "It will be entirely our fault if wa fail."

John Griffiths



The improved Mercedes 300 SL

Lively models available in the UK are, top left, Fiat's Croma Turbo; Saab 9000 (top right); Lancia Thema (above); Alfa Romeo 75 (above right) and Mercedes-Benz W124. Turbocharged five-seat saloons are reaching top speeds of 130mph with acceleration to match, but the normally-aspirated models, with 115mph top speeds, are more pleasant to drive in urban traffic.

Product review

Vintage crop of arrivals

IT HAS BEEN a vintage year for senior managers' cars. The long awaited medium-sized Mercedes-Benz W124 saloons and three front-wheel driven Saah, Lancia and Fiat batchbacks and saloons have appeared. Within the month the Rover 800 will be in the showrooms.

Fnrd has produced four-wheel driven versions of the Sierra and Granada with exemplary handling that extends the frontiers of road safety.

From Japan the largest Honda, the Accord, has appeared wilb a 2-litre engine and the *Nissan* Bluebird, *also* 2-litre powered thnugh with a smaller, tax-beating engine oplion, is a class rival. At present the Nissan is imported fully assemhled though by late summer it will be built in Britao with significant local conient.

Alfa Romeo's bid to pull itself out of the doldrums is based on a medium-sized executive-type saloon, the 75, which has just gone on sale in the UK. The Renault 21, which went lolo the showrooms last week, is an alternative to cars like the Austin-Rover Montego and Vauxhall Cavalier. Long awaited estate versions of tha Volvo 760 and 740 and of the Mercedes-Benz W124 models will suit husiness drivers wbo want massive carrying capacity but refuse to do without the civilised niceties of executive-type saloons.

In its price range of just over £13,000 to a little under £19,000 the Mercedes W124 saloon is probably the benchmark for executive cars. In hoth styling and mechanical lay-out, tbe W124 models with engines ranging from 2-litre 4-cylinder to 3-litre 6-cylinder offer outstanding handling, coroering and roadholding plus relaxed cruising at any speed a user could reasonably demand.

Apart from a little sensitivity to road-induced tyre noise, I find them difficult to fault. They are completely bonest cars, free from gimmickry but stuffed with engineering integrity.

The 200 feels rather over-geared and working it hard will make it less economical than the fuel-injected 230E. Even so, it easily holds 100 mph on the autobahn in such silence that the radio can be enjoyed. The 230E is perhaps the best compromise between capital cost (aboul £14,500 if not too many extras are ordered) and performance: the 300E is for tbe driver wbo might find the New S-Class flagship of the Mercedes-Benz range too big.

Altbough Lancia, Saab and Fiat make little acknowledgement of thelr common parentage, I find the Tbema, the Saab 9000 and Fiat Croma more remarkable for their similarities than their differences.

The major steel pressings, such as the platform which replaces the chassis on modern cars aod the four passenger doors, are the same. Saab uses its own 2-litre, 4-cylinder, 16-valve engine, with or without a turbocbarger. Tbe 2-litre, 4-cylinder engines of Tbema and Croma are hasically similar, though the Lancia car bas a higber power output and twin counter-rotating balance sbafts for extra smoothness.

At present, the only one to have a V6 alternative is the Thema. Automatic transmission is offered on a single Thema and Croma with a 2-litre, non-turbocbarged engine. Saab's 9000i antomatic is not far off.

The Saah 9000 has non-independent rear suspension and Saab's own five-speed manual transmission; the Italian cars ere fully independent at the hack and have the same Fiat/Lancia gearbox. Of the three, only the Thema is a three-box saloon hut the other two could be mistaken for saloons though baving the utility of a large tailgate.

With turbochargers they have very bigh performance—top speeds of more than 130 mpb and urgent acceleration in fourth and fifth years. The turbocharger's boost is usahle in the lower gears for standing-start acceleration at the expense of some reaction through the steering on dry roads and considerable risk of wbeelspin in the wet.

Though the turbo models' muscularity is exciting, the non-turbocharged engines have more than enough output for those content with top speeds of around 115 mph. For urban driving, they are to be preferred. I bave *yet to* meet the *turbo*-charged executive car that does not feel rather flat at low speeds in town traffic.

The lower speed-rated tyres of the non-turbo models offer greater ride comfort, too. But all are large five-seat cars, with massive luggage space. In their higher-priced versions, tbey are alternatives to such cnnventional executive choices as BMW and Mercedes-Benz.

Even with rear-wheel drive, the new Granada models are most attractive cars. With Ford's own permanent four-wheel drive transmission—first seen on the Sierra 4x4—they are quite outstanding.

Ford puts one-third of the power through the front wheels, two-tbirds through the rears, reasoning that huyers prefer to have familiar, rear-wheel-drive bandling charactertstics. It is a completely automatic system, using Ferguson viscous couplings to lock the centre and rear differentials when severe conditions demand. Tbe driver is aware of four-wheel drive only by the way these hig cars are unaffected by slippery roads that might make olher rivals feel wilful. Their standard anti-lock hrakes compliment tbe all-wheel-drive traction.

At the moment, the 2.8 litre V6 engine does not quite match the sophistication of the rest of the car though this will soon change. Nor is automatic transmission availahle with Ford four-wheel drive—tbere is no room for it.

But for business *motorists* who must keep going at all times and wbo like a big, powerful car to be undemanding, the all-wbeel driven Granada and Scorpio models are ideal. Lower down the price and size scale, the Sierra-based XR4x4 and 4x4 estate car offer similar performance and safety benefits.

The Honda Accord 2-litre models are formidably good cars and provide a laste of things to come. Austin Rover Group's Rover 800, jointly developed hy Honda and Rover, takes the Accord philosophy to a higher plane and mixes it most agreeahly with traditional Rover touches. Buyers will not have much longer lo weit to sample its delights.

The Renault 21 range, just arrived in the showrooms, overlaps with the larger Renault 25 in its upper reaches though the lower priced versions are challengers in the fleet rather than executive market. Its styling is bland, if quite elegant and the 21 combines the lradltional comfort of a French car with tbe tautness favoured by German car huyers. Mechanical refinement and lack of road-induced noise are strong points of the Ranault 21.

Alfa Romeo, in a determined (and, if it fails, possihly final) hid to get its British act togetber, has launched the new 75 model here with a choice of 1.8 litre 4-cylinder or 2.5 litre V6 engines and five-speed manual transmission without the option.

Pulling the engines at the front and all the transmission at the rear achieves the same kind of 50:50 weight distribution favoured by Porsche. The front independent suspension is conventional, the de Dion semi-independent layout at the rear quite rare nowadays. Together, they give the Alfa Romeo 75 good traction and predictahle handling.

The remoteness of the gearbox itself from the gear lever is sometimes rather obvious but these are cars that will appeal to the individualist. They hold the road very well indeed, steer responsively and are muscular (the V6 has a 130 mph maximum). Suspension is shock-absorbent though at first aquaintance, curiously loose-jointed. Alfa Romeo GB offer three-yeer mechaoical and six-year anti-corrosion warranties. Prices are compelitive—from £8,949 for the 1.8 litre model.

There has been nothing new from Audi in the past year though a larger-engined flagship model will be here soon. BMW, too, bas a big car that will sneceed the 7-series waiting in the wings though, meanwhile, it has introduced limited-editinn M-series versions of the medium-sized saloon.

These combine staggering performance (maximum speed of about 150 mph) witb refinement end docility. The successor to the 7-series will compete with the recently updated Mercedes S-Class cars.

And finally, Jaguar. At long last it seems certain that the XJ-40 will take over from the veteran though still attractive XJ-6 models after the International Motor Show at Birmiogham in October.

The current cars, though selling extremely well, especially in the US, are undeniably beginning to show their age. Even so, to get in and drive one is to be carried back to the time when one knew there was a gulf between high-volume motor cars and Rolls-Royces and Jaguars.

If Jaguar can retain the ride comfort and extraordinary lack of road noise while losing some weight and increasing interior space, it will have performed a miracle. By this autumn, we should know.

Stuart Marshall

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Diesels

A steady rise in European sales

THE COLLAPSE of crude oil prices and the glut of petrol has done nothing to advence the cause of the diesel-powered execntive car in the last year.

At least, it has not done so in Britain. In European countries wbere there is a substantial differential between the price of premium-grade petrol and diesel (gasoil) the diesel car has gained in popnlarity.

In West Germany wbere, curiously enough, there is hardly any difference between the price of diesel and petrol, registrations leapt by nearly 65 per cent last year. However, this was due in part to exhaust emission legislation and the resulting confusion over the use of catalytic converters. Unmodified diesel cars meet the emis*sion rules in Germany* at present. Plenty of new car huyers last year chose them for that reason alone.

Overall, diesel car sales rose by 21 per cent in Europe last year to take 15.2 per cent of total registrations compared with 13.7 per cent in 1984. *Britain* showed a much larger percentage increase than that. In 1985, diesel car registrations totalled 66,200 against 45,100 in 1984, a rise of nearly 47 per cent. This year, total registrations of 75,000 are expected.

Although this would be an almost 13-fold increase on the UK diesel car market of 1980, it will be pretty small heer by the standards of Germany (530,800 last year), Italy (438,600) and France (264,800). It is not just due to the price of fuel, even though in Italy it is spectacnlarly cbeaper than petrol and in France is more than ooe france cbeaper per litre, or about 50p per gallon.

The real reason for the lack of appeal of the large diesel car in Britain *is the* existence of the company car system.

In Britain, most large cars are owoed by companies rather than individuals and much of the fuel they use can be offset as a husiness expense. Tbere is no great incentive to run an executive-type diesel in Britain. The main huyers seem to be private individnals with large families who need a *roomy* car but wish to minimisa running costs.

On the European mainland, where the company-owned car is much rarer, bnainess users are paid on a mileage basis. For an executive to run a diesel car in these circumstances is financially attractive.

So, virtually all the growth in the UK diesel car market has been at the lower end. In the first four months of this year, Ford led diesel car registrations with 8,825 units, followed by Peugeot (4,935), Citroen (3,930), General Motors (3,280) and VAG (1,245).

Two features of this situation ere the extraordinary popularity of the Citroen BX—extraordinary when seen against Citroen's overall market *share for petrol and diesel cars* of only 1.77 per cent—and the way PSA (Peugeot-Citroen) dominates the market as engine supplier.

Ford's own 1.6 litre engine is fitted to 7,356 of tha cars sold in the first four months of this year. But PSA engines were used by 9,768—the 1.7 and 1.9 litre units in Peugeot 203 and 305, Citroen Visa and BX and the 2.3 litre engine in the Ford Sierra.

More than 43 per cent of the 7,643 Citroen BX models sold in Britain in the first five months of this year were diesels. In the Visa range, diesels accounted *for 48 per cent of all* registrations. Bnt of the big CX cars, only 17.25 per cent were diesel.

Because of the limited popularity of executive-type diesels in Britain, few of those available in mainland Europe *are sold* over bere. Notable among the absentees are the Alfa Romeo 90, BMW 3-series and 5-series, Fial Croma and Lancla Thema diesels, all of them 100 mph-plus, turbocharged cars with the sole exception of the BMW 3-series.

It may surprise many UK owners or users of BMW cars to learn that 25 per cent of the factory's ootput is now diesel-engined.

There could be an increase in the registrations of mediummlarge and large diesel cars due to Ford's decision to market a diesel-powered Granada with a 2.5 litre Peugeot engine, and to the *forthcoming* appearance of an Anstin-Rover diesel car with a 2-litre direct injection engine. Tha Washington-built Nissan Bluebird will also be offered with a 2-litre diesel.

Another factor that has helped to restrict the popularity of executive diesel cars bere is the relatively few models available with automatic transmission. Mercedes-Benz bas traditionally supplied two-pedal diesels; so has General Motors, which couples an antomatic transmission to an elderly 2.3 litre engine in the Vauxhall Cerlton. Andi's 100 turbo-diesel may also be had as an automatic. Until recently, they were the only ones available.

Two new entries into the executive diesel automatic segment are the Citroen BX and the Mitsubishi Galant. The *former* has a 4-speed ZF antomatic and a naturally-aspirated 1.9 litre engine; the latter a 1.8 litre turbo-diesel. Automatic transmission combined with a diesel engina of adequate output is ideal for urban driving, where the diesel gives greatly superior fuel economy to a petrol-engined car and the automatic makes for relaxation and freedom from stress.

The Citroen BX19 diesel is offered with automatic transmission in two versions from £7,991, wbicb includes power steering. Its performance and economy is only marginally inferior to thet of the 5-speed mannal version which has made sucb spectacnlar gains this yaar at the lower-middle end of the executive diesel car market.

Large business fleets like thst operated by Scottish and Newcastle Breweries wbicb have gone over 100 per cenl to *diesel cars have* no cause to regret their decision. Overall savings of the ordar of £800,000 per annum on a fleet of about 1,200 vehieles have been reported dne to lower maintenance costs as well as higher retained value and reduced fuel *bills*.

But the price differential between 4-star petrol and diesel is the most obvious argument in favour of making the plunge. At present, plummeting petrol prices bave more or less wiped out the 14p per gallon lower duty charged on diesel fuel. Indeed, some filling stations are selling Derv (diesel) fuel for several pence per gallon more than 4-star petrol.

The executive wbo chooses a lerge diesel as his company car gets the last laugh when he crosses the Channel. A very roomy five-seater like an Audi 100 or Citroen CX turbo-diesel will yield close to 40 mpg if driven at sensible speeds on a long journey. That can make a profound difference to the cost of a family *holiday in Spain, Portugal* or southern Italy. Cost saving during personal, as opposed to business, use of tha company car is a useful diesel spin-off.

Stuart Marshall

The Citroen BX, which also comes as an automatic

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In-car communications

Cellular radio brings prices down

ONLY TWO years ago a car telepbone was bard to get, of ralher poor quality and so expensive it was usually found nnly in lhe cbairman's limousine. The arrival of cetlular radio in Britain, tbe US, and many other countries has cbanged everything.

Prices have fallen dramatically, the quality ls much improved and the capacity of tbe system is many times greater. This is because the cellular technology uses the scarce radio frequencies mucb more efficiently. As a result the cellular radiopbone is fast becoming an almost commonplace fitting in the company car. Even a few battered transit vans witb cellular radio telepbones can be spotted.

Now the industry is predictlng that by the early 1990s—only five years ahead—the price of a car telephone will have fallen to between £400 and £500, apparently putting it well within the reach of a moderately affluent motorist. Even today the price of the cheapest car telephone has fatlen to about £800, cnmpared with £1,400 at the beginning of last year.

The fall in equipment prices tends to distract attention from the still quite bigb costs of actually owning and using a mohile telephnne. It costs £300 just to ha connected to either of the two competing networks in the UK—Racal Vodafone and Cellnet, a subsidiary of Britisb Telecom in which Securicor hnlds a 40 per cent stake.

Call cbarges are also bigb and both networks have recently put them up—notably in centrat London, wbere they have introduced a premium rate.

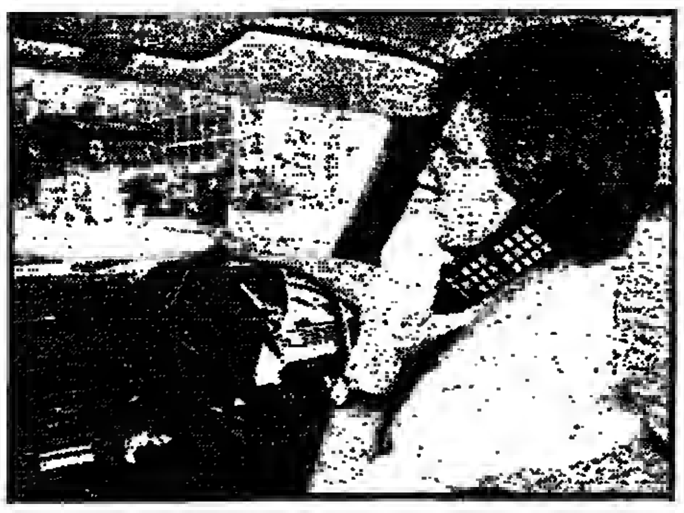
Even if the running costs are around £1,000 a year, including leasing, connection and call charges, for a hasic model many more companies are sbowing a keen interest in cellular radio for senior managers and staff wbo travel a lot. Some of the first and most enthusiastic buyers were in the City wbere, for example, a foreign exchange dealer could probably justify its cost on a single transactinn.

But the larger retailers of cellular radio in lbe UK—which includes companies like Pbilips, Granada, AA, BT Mobile Pbone Division, Racal Vodac, Mntornla, Uniqueair and the Carphone Company—are now looking for substantial orders from indnstry and commerce.

When cellular radlo was launcbed in the UK last year companies would typically huy one or two mohile telephones. Now some are ordering up to 100 at a time as they equip sales and maintenance fnrces.

The reason why equipment prices have fallen so rapidly is a combination of lower manufacturing costs and the fierce competition among the 50 or so accredited retailers which sell equipment and service fnr the two networks.

It is much less likely that the cost of using cellular telephones will fall, however. Prices are set by the current duopoly of Cellnet and Vodafone and hotb companies have bad to hring forward capital expenditure plens because of the success of the service.



Cellular technology has enormously improved the scope of car phone systems.

The only real prohlem has been in the heart of London—the City and the West End. Both networks have had to spend large sums to increase capacity tbere as they were beginning to run into cnngestion prohlems barely a year after the service hegan. Cellnet, for example, has just spent £22m on dividing its cells into seciors, which bas much increased its capacity.

Demand for car telephones bas been particularly strong in London and the South East, which means effectively that the capacity in central London will determine the size of the nelwork. Providing there is some improvement in technology it is expected that the current system using the existing frequencies will have some 500,000 subscribers by 1990.

The next great bope is that a pan-European standard will be developed for cellular radio whicb would be several times more efficient in its use of the radio spectrum. France and West Germany and, belatedly, the UK are working hard on this standard, althougb no system is likely to he introduced before the early 1990s.

But if it is much more efficient there is a real prospect of mucb lower equipment nrices. The British Government bas resisted earlier calls by Cellnet and Vodafone to allow them to use the 400 chanoels set aside for the pan-European system to relieve congestion.

Instead the Government is expected soon to offer the operators additional frequencies immediately below their existing cbannels, whicb could almost double the capacity in central London.

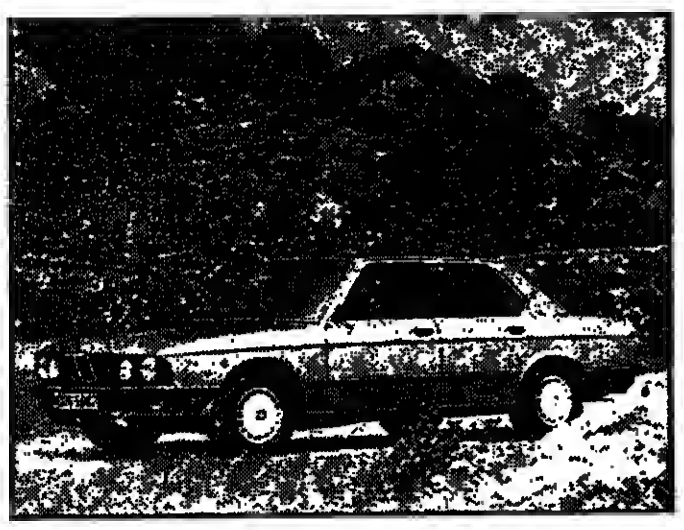
Racal Vodafone has expressed douhts about this move, bowever. It believes that the 400 channels would be needed only temporarily and that the technology of splitting cells, thus increasing capacity, would resolve the prohlems of congestion.

Either way the UK seems set to see a hig growth in car telephones. Next year will also see the introduction of the new private mohile radio systems which are not connected to the telephone network. These are like the despatch systems used by taxis and couriers. Two national systems bave been licensed as well as five in London and a nnmber in the provinces.

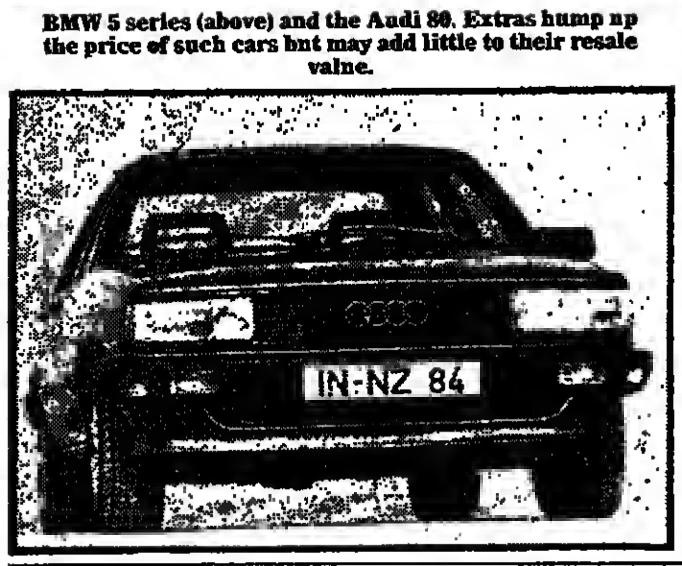
The move will bring a large amount of new communications to all types of vehicles. But undonhtedly the executive car wilt predominantly use cellular radio, which will become increasingly sopbisticated and flexihle.

Jason Crisp

Link-up of a cell phone and electronic mail. New developments are creating greater flexibility for drivers.

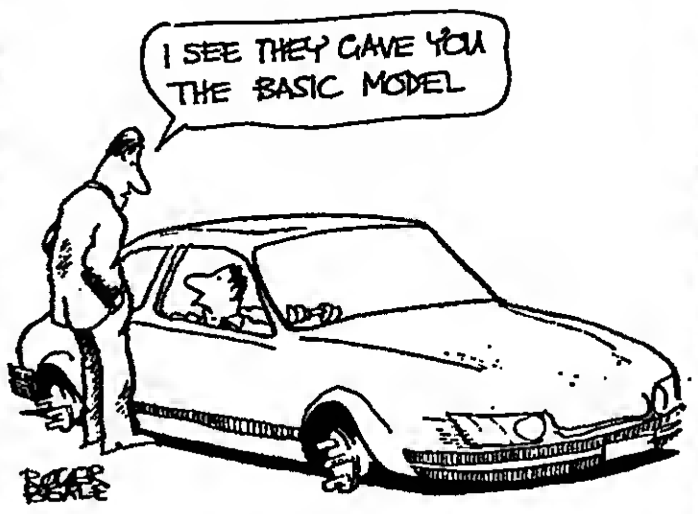


BMW 5 series (above) and the Audi 80. Extras hump up the price of such cars hnt may add little to their resale valne.



Extras

Paying more for the wheels



THE AUDI 80, hereft of extras, costs £8,101 including taxes. Were tbe would-be owner to specify every option evallable, including air conditlonlng, the total hill would be almost exactly balf as mucb again as the base price—in casb terms, about £12,000.

Were he to buy the GL model instead, again without extras, be would pay £9,224. But for the extra money be woold get not only a bigger engine—of 1.8 titres, not 1.6—but also fitted as standard the five-speed gearbox, power-assisted steering, electric windows, rear bead restraints, fog lamps and tacbometer which are extras on the CL model.

By adding the remainlng extras to make the car otherwise identical to the CL, the extras blll would total £2,500, not the £4,000 of the cbeaper model. So tbe final price of the more powerful GL would ectually be a couple of bundred pounds cbeaper than that of tbe CL.

Similar exercises could be carried out with the model ranges of virtually any manufacturer. And that now includes the Japanese wbo, as e result of the strengthening yen, bave been converting to extras many of the items whicb at one time were automatically fitted to Japanese cars as standard, and which were perhaps their strongest selling point.

Meanwhile European and particularly UK manufacturers, have been travelling in the opposite direction—raising the speclfications of their cars substantially as part of the fierce competition for sales.

The exercises would tend to produce the same conclusion: that extras are high profit margin items which can be of poor value and whicb are perhaps avoldeble by ordering a better-equipped model with a higher list price.

Europe's executive car makers, bowever, have long been aware that UK buyers are a particularly soft tonch for such fitments. This is because, uniquely in Europe, most such cars are bought witb tax-deductible business cash and manufacturers have not been slow to tap tha advantages.

"Even the wheels are extra" bas become something of e wry catcb-phrase about the products of some speclalist executive car makers.

In many cases, such buyers wilt defend their declsions on the grounds that thc vehicles they bave chosen (not from the volume manufacturers) still represent extremely good value in terms of total cost-of-ownership. Their manufacturers, they argue, adopt policies—such as discouraging discounting—which result in higher resale values come trade-in time.

There is certainly evidence to bear this out. In its 1986 editlon of Glass Autostat, Glass'a Guide, the motor trade's principal reference source on vehicle residual values, provides some interesting examples of retained values.

Thus a BMW 520i bought in Marcb last year and which has since covered 12,000 miles, wonld have retained 72 per cent of its valne in Marcb this year or 68 per cent if 24,000 miles bad been covered—compared with list price.

A Ford Granada Ghia 2.8i over the same mileage and periods would have retained only 65 per cent or 60 per cent of its list price valne.

Recently, bowever, some observers have called into question wbether the apparently high residual velues really reflect the true state of affairs.

The qnoted valnes may appear high, the argument goes, but in reality many BMWs, for example, are ordered loaded with expensive extras. Are they simply ignored by the dealer at trade-in time, leaving the owner very mucb worse off than the figures appear to state?

Mr Leslie Allen, director and managing editor of Glass's guide, points ont—perbaps not surprisingly—that things are a lot more complicated than they at first appear.

First, ln arriving at lts own valuations, Glass's receives monthly from the manufacturers a detailed breakdown of the models they have sold, including the percentage of cars fitted with what Mr Allen terms tha "mandatory 'nptions" without which, he says, some executive cars would be alt but unsaleable. It is the case with many executive and sporting cars that a basic model exists on the price list, but not ectually in the metal.

So Glass's valuations are based on a reatistic profile of models actually in tbe market, rather than simply the misleading basic model price. As for wbether the extras are good value ln investment terms, however, Mr Allen stresses that you bave got to look carefully at every extra, for every make and model.

For example, be points out, a dealer's valuer would not bother to step outside his office to cbeck if a Granada had metallic paint—in terms of that model, it is valueless to the trade. But if a Jaguar Sovereign hasn't got air conditioning the dealer will regard it as almost unsaleahle.

It atl depends on wbat area of the market you are talking abont. An extra can be a total waste of money—or worth more than its original cost if it makes the car easier to sell. Among the general good huys, Mr Allen suggests, are sunroofs—preferably powered ones, electric windows and alloy wheels.

Anli-skid braking, though a definite advantage on larger cars, is marginal tn resale value terms on cars like the BMW 3 series, and he doubts very much whether body styling kits add anything to e car's value at trade-ln time.

As for even the most luxurious stereos—the dealer will allow you maybe £50 extra, although he will probably use it to add £300 to the car's price at the retail level.

Top of the list of dcfinite bad buys, he suggests, is teather upholstery. Il can cost np to £1,000 to bave it fitted—but you will find that lots of people in the trade will totally ignore it.

Overall, Mr Allen says, whether the extras are worthwbile will depend cntirely on how wisely they are chosen for each model. "The desirahility and bence enhanced value of options in a secondhand car often bear no relation to the original cost of that car."

John Griffiths

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In-car entertainment

Equal to home systems

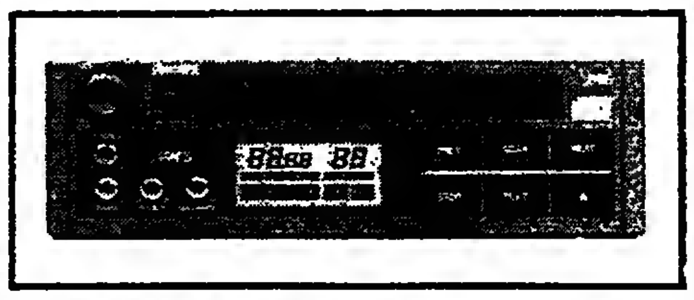
WHILE MOTOR manufacturers have been employing new tecbnologies to develop their vehicles, tha makers of eudlo equipment have also progressed rapidly in the era of the microchip and mini-computer. They have utilised a wide range of technological developments to prodnca a large selection of products for the motor-car.

Today's car is likely to arrive from the manufacturers equipped with a stero system just as sophisticated, if not more so, as the system to be found in an average home. This is probahly not as surprising as it seems when one considers that many people spend more hours listening to music in their cars than any other place.

The power ontput of these car audio systems is surprising. Some amplifiers generate as mucb as 150W per channel—prohably three or four times the power of an average domestic system. The object is not maximum outpnt bnt a volume level et wbicb the quality of sound reproduction is perfect.

Most modern car audlo systems are based on a stereo radin cassette player. The radio tuner and the cassette player will botb have numerons features and it is their nnmber and degree of sophistication that determlnes the price. It can range from £50 to well over £1,000.

Pioneer, whicb claims to be the leader in the UK market for systems fitted to cars after the vebicle has been purcbased, manu factures a Centrale radio cassette system, the FXK9, which costs about £700. For that, tbe buyer gets familiar features such as Dolby noise reduction, multi-station memory and remote control and others, plus innovetions such as computer-controlled logic.



Compact disc player: quality systems are the norm.

The compnterised logic would enabla you, for exampla, to instruct the machtne to switch automatically from e cassette tape to a radio broadcast at a given time.

An appropriate pair of speakers for this system—and some cars now come equipped with as many as six speakers—might be the TS-VX700s which cost in the region of £600 a pair. They incorporate a "monopbonic subwoofer" to produce very deep bass and eecb speaker has its own 100W amplifier. Turned up to maximum volume, they will ectually rock a stationary car on its springs.

Some Pioneer systems also feature an "auto sonnd leveliser." A microphone built lnto the unit listens to the amblent sonnd in the car and adjust the system's output to maintain the volume level when you open a window or close the sun roof.

Panasonic sell their car audio systems through speclalist retailers but also have some of their units fitted as standard by sucb manufacturers as Porscbe, Audi and Isuzu.

Like other manufacturers, they keep a close eye on all new developments in the car audio equipment field. One item sure to attract a lot of attention is Digitat Audio Tape (DAT) whicb is due to be announced in October this year in Japan. Smaller than the compact cassette, it will offer better sound reproduction and is likely to appear in equipment for cars almost as rapidly as in domestic nnits.

One system already available from some manufacturers is the compact disc (CD) player designed for use in cars. Philips, wbose equipment is fitted in about a third of all the new cars sold in Britain, can claim to be a pioneer in the field.

In the late 1950s Pbilips produced an in-car record player—called the Auto Mlgnon—whicb could be regarded as a forerunner of the in-car CD player. Now the company is already exploring new ways of using CD technology in motor vebicles.

A converted version of one Philips CD player has been used at tbe beart of the company's CARIN (Car Information and Navigation) system currently on trial in Holland. The CD player is attached to a computer, voice synthesiser, LCD panel and a series of sensors in the vehicle. Together they give a driver a detailed ronte instruction for any destination in Britain.

The complete UK road netwnrk can be stored on a single compact disc whicb the driver just punches in his present location, and his destination; then the system delivers instructions for the ronte through the voice synthesiser (or with an arrow on a television screen in the Netherlands version) with a confirmation nn the LCD panel.

Between navigation instructions the driver will be able to listen to his chosen CD recording. If he takes a wrong turning, or is diverted because of road works, the CARIN system will atert him and put him back on the right route. Philips bopes to bave a version of CARIN for lorries on the market by the end of 1988 and a nnit for cars two years after that.

Having installed such exotic items in your vehicle, the problem of how to protect them arises. Phillps claims it has solved this prohtem with its Security Code anti-theft system.

A secret three-digit code number has to be puncbed into the audio equipment to make it function if it has been removed from the vebicle or disconnected from the power snpply. After three incorrect entries, there follows a waiting period of two bours before another entry will be accepted.

This delay renders the equipment useless to anyone ignorant of the code. A window sticker to tell passers-by of the Security Code fitting is snpplied with the eqnipment to discourage would-be thieves from breaking ioto the car

Philip Sanders

هكذا في الأصل

Options for acquisition

Driver's choice an important factor

THE TREND towards giving managers a greater say in the car they can choose is leading companies to examine more carefully the different methods of acquisition. This is an important factor that companies must take into account when weighing up the costs of the different purchase or lease options.

The Monks Guide Survey of Company Car Policy* showed that 39 per cent of companies used leasing or contract hire for some or all of their car fleet. The report says:

"For such companies an 'any car as long as it costs no more to lease/hire' causes few extra costs. Contract hire gives full protection against all risks, except high petrol consumption. Leasing should give protection against excess depreciation."

Without contract hire, a "freedom of choice" policy could be difficult and costly to operate. That is the view taken by Mr John Cornish, partner in-charge of the car scheme at accountants Spicer and Pegler Service.

"The costs of operating a fleet of sales cars or any limited range of vehicles can be more easily predicted. The wider the choice, the more exotic the car, the more difficult it is to assess likely operating costs."

Junior and senior managers, and partners in Spicer's ten offices across the country are each given a monthly rental allowance. Within that price limit, they can have any car the leasing company is prepared to supply. "Contract hire provides a wide choice of vehicle. In our business, that is important for staff motivation."

A similar method of company car allocation is operated by advertising agency, J. Walter Thompson. Its 33 directors choose a car, the contract hire company quotes a monthly rental. If over the cost limit, the director is free to make up the difference out of his own pocket.

"The essential criterion is money, says Ms Julie McCarthy, the company's benefits manager. "It is entirely up to the company employee how he spends it. That applies to optional extras. And the contract hire company will arrange for the fitting of those extras, another illustration of how it takes the hassle out of running a fleet."

In the same way that contract hire makes it simpler to predict operating costs, so it can make them easier to control. "We were not experienced at running a fleet of cars. The contract hire company has taken over the administration for us," says Mr Cornish. A number of contract hire companies offer the firm quotes for running its fleet on a regular basis. It uses two, while some of its offices have cars with locally-based contract hire companies.

"The leasing company handles all insurance claims associated with the firm's cars for an additional nominal sum. In the event of an accident, it deals direct with Spicer and Pegler's brokers, gets repairs done, and provides a replacement vehicle while the damaged car is being repaired."

Executives, in particular expect a replacement vehicle of equivalent performance. Ms McCarthy says that she can rely on the contract hire company providing one within an hour.

The difficulty in estimating the depreciation on executive type cars is another reason why companies offering freedom of choice to their executives might be more likely to choose contract hire. The contract hire company takes the residual value as well as the running cost risks, building these into fixed rentals.

At the end of the contract the car is returned to the contract hire company, with no further obligation other than to pay a pre-determined excess mileage charge.

As with outright purchase, the company with its cars on a financed lease also bears the risks of depreciation, and without the same tax advantages it would have had a few years ago. Most finance leases for cars are "residual value" leases. Reduced rentals are paid during the lease period followed at the end by a "balloon rental" equivalent to the anticipated resale price of the car at that time.

The lessee runs the risk of having to find at least part of the amount by which the car has depreciated, unless permitted to extend the lease. Unlike an operating lease, usually termed contract hire, the lessee bears the burden of administering the fleet.

According to the contract hire companies, the number of executive cars on contract hire is increasing quite dramatically, and this trend is particularly apparent among high-tech companies, which tend also to be high-growth and high-risk. Cars are an integral part of their incentive packages, but they would rather spend as much of their resources as possible on funding the company's growth.

Lex Vehicle Leasing says that the proportion of cars costing more than £14,000 in its fleet of 17,000 has more than doubled in the last two years to six per cent.

Not surprising, therefore, that in the last 12 months have emerged small contract hire operations specialising in the executive car market. According to Mr T. N. Pykett, joint managing director of Interleasing, they are able to charge high rentals because executives in the smaller, less well-run companies are "not so critical with their own car as they are with the rest of the fleet."

Major national contract hire companies can offer more precise costs of operation based on their experience over many thousands of vehicles.

"Possibly the greatest status symbol in the British industry car park is the Jaguar XJ6 4.2 Auto. Yet in our 1986 Fleet Comparisons Guide this has a higher cost per mile figure than any vehicle surveyed in its group. It is in the executive market where the greatest savings can be made."

Though contract-hire offers many advantages, 65 per cent of companies still choose outright purchase. Monks Guide makes no distinction between "executive" and non-executive cars. Mr Cornish believes the reason is partly historical. "Before contract hire got to be popular many had acquired their cars, and built up their own transport department, which they are reluctant to disband."

According to Tony Vernon Harcourt, co-author of Monks Guide: "If a company has money on deposit or plenty of cash, then outright purchase will usually be the answer, perhaps combined with fleet management by a specialist fleet management company. With a fleet of over 200 cars, it is viable to manage a fleet in-house, and achieve the same economies of scale as a medium-sized fleet management company."

Monks Guide to Company Car Policy, Monks Publications, Debden Green, Saffron Walden, Essex CB11 3LX.

Alastair Guild

Julie McCarthy: "Contract hire can take the hassle out of running a fleet." The contract hire company takes the residual value as well as the running cost risks.

Pre-delivery inspection at a Swan National centre. The risks of the likely depreciation have to be taken into account when choosing a particular acquisition method.

The schemes in summary

OUTRIGHT PURCHASE

Form of transaction
Immediate acquisition of title to car in return for payment in full (or finance arranged independently). Repair and maintenance the responsibility of user.

Advantages
Unqualified possession.
Capital cost allowable against tax.
Flexibility over time/method of disposal.
Very favourable discount terms.

Disadvantages
Immediate cash drain.
Risk on maintenance cost (offsetable with extended warranty).
Risk on residual value.
Responsibility for administration and disposal of car.

HIRE OR LEASE PURCHASE

Form of transaction
Hire of car with an acquisition of title after a period in return for payments to the lessor-vendor which in effect amount to instalment payments plus interest. Repair and maintenance the responsibility of user.

Advantages
Defers capital payments.
Capital cost allowable against tax.
Flexibility over time/method of disposal.

Disadvantages
Risk on maintenance cost (extended warranty to offset).
Risk on residual value.
Responsibility for administration and disposal of car.

FINANCE LEASING

Form of transaction
Hire only of vehicle, with no transfer of title, is designed to compensate the hirer for the difference between the initial value of the car and its residual value at the end of the lease, plus interest. There may be an adjustment to rentals at end of lease to reflect actual residual value. Repair and maintenance responsibility of user.

Advantages
Minimises cash outflow.
Removes asset from balance sheet until new accounting standard takes effect, July 1, 1987.
Some flexibility on time of disposal, at least in secondary period of lease.

Disadvantages
Risk on maintenance cost (extended warranty offset).
Risk on residual value.
Responsibility for administration and possible disposal.

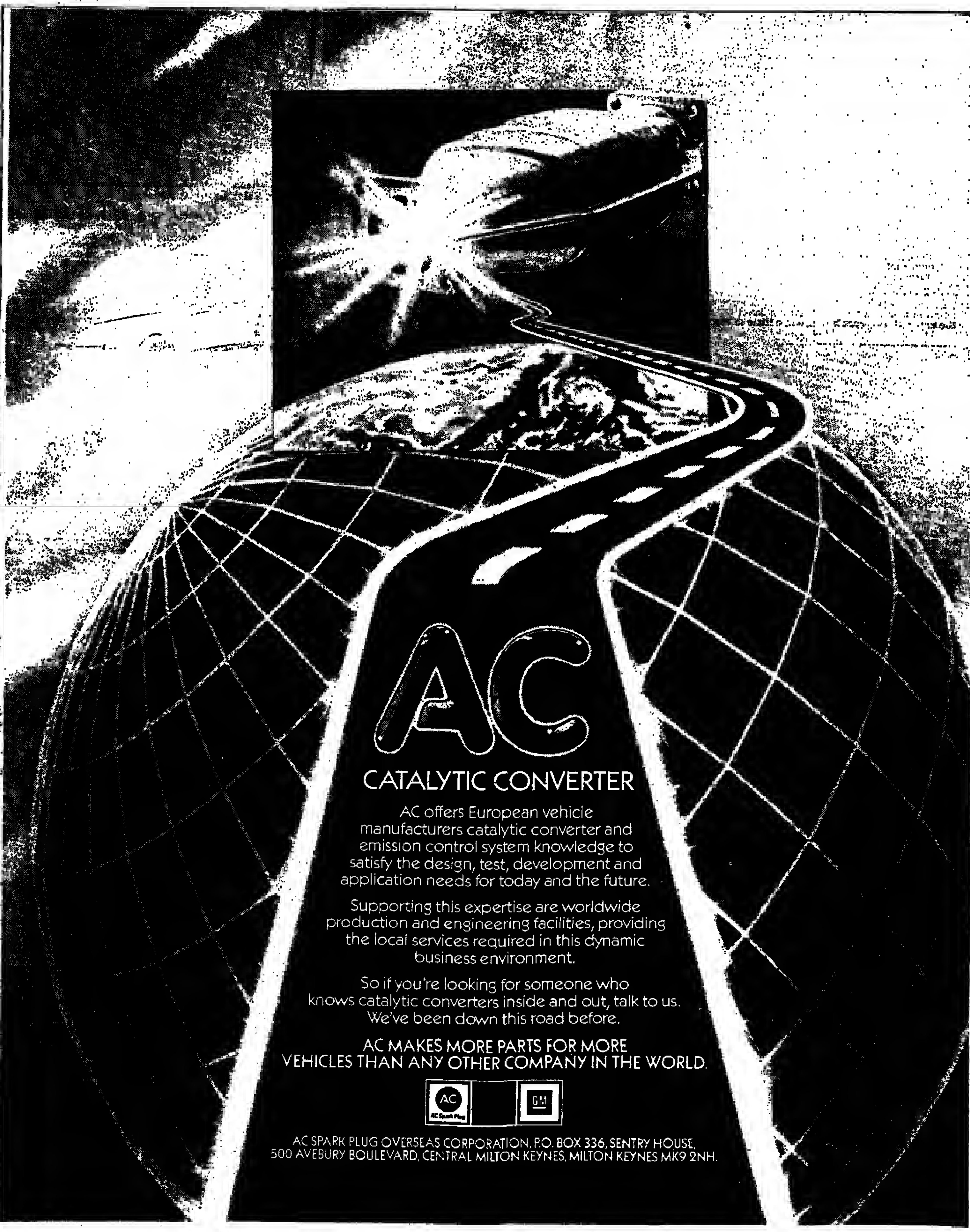
CONTRACT HIRE

Form of transaction
Hire of vehicle with no transfer of title in return for final payment is based on the difference between the initial value of car and its expected value at the end of the lease, plus interest and expected maintenance costs. Repair and maintenance the responsibility of hirer.

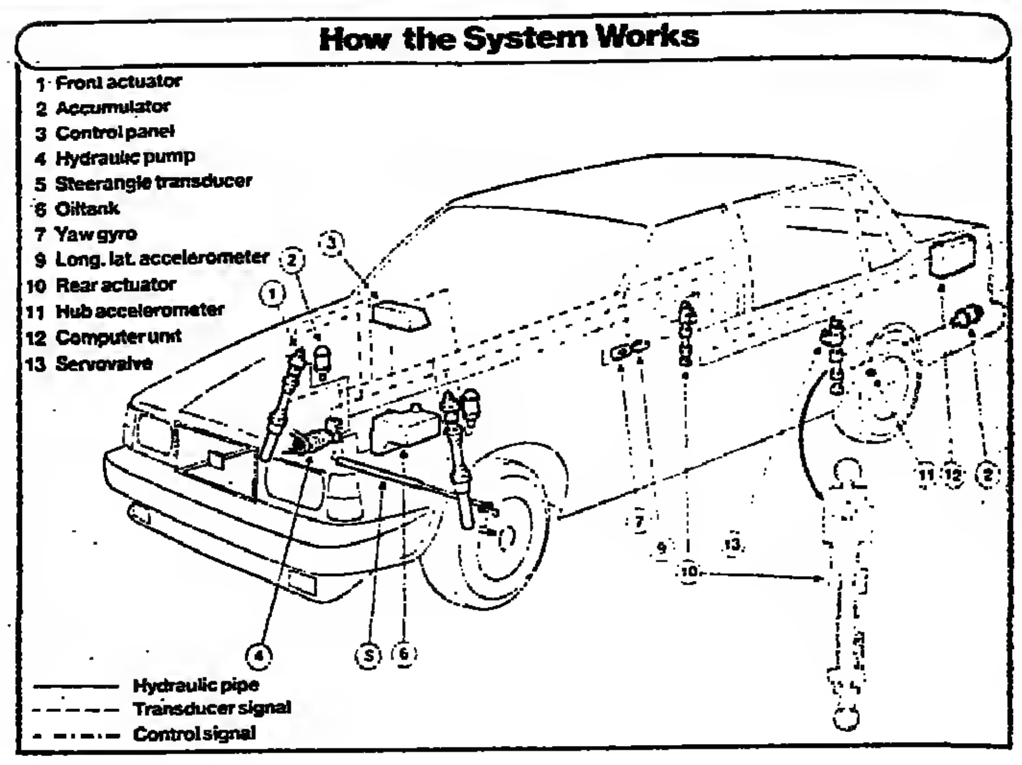
Advantages
Maintenance contract available.
Removes asset from balance sheet.
Large number of schemes available which can be tailored to individual companies.
Low administration.
Fixed cost.
Minimises cash outflow.

Disadvantages
Lessee pays extra to cover hirer's greater risk.
Penalty clauses over high mileage, early return, and condition.

Alastair Guild



Banking into the corner: this Volvo with active suspension (left) drives in striking contrast to the standard version beside it



Technology

Computer controls set to take over

THE NEXT generation of jet fighter will fall straigbt out of the sky should there be a complete failure of its computerised control systems (a calculated one-in-ten-million chance).

It is designed to be unstable: beiog kept aloft and flying in the inteoded direction hy endless, rapid adjustments of trim and other control surfaces hy a system of sensors, computers and digitised command flows.

The henefit of the uostehle design is that it can be manoeuvred much more quickly than a stahle aircraft, which has to be firmly dissuaded from flyiog straight ehead.

The pilot will be ahle to fling his own cootrols around as sharply as he likes. All they will do is seod digitised information to the computers, which recognise what he wants to do hut themselves operate the physical controls.

And what has this to do with executive cars? Simply that the development of their control systems is movlog in a very similar direction.

Thus the executive car driver of the future may welt still sit there turning his steering wheel. But it will not necessarily be physically connected to the front wheels, even if it has been given artificial "loading" to feel like it is. What the turning of the wheel *will* do is provide a declaration of intent in the form of digitised ioformation along e multiplex "hus" line to the computer. Based on information received also from sensors, the computer will decide the amount of turn that is actually feasible.

That might seem like ao unacceptahle set of complications to supplant a physical system that apparently has worked perfectly well for a century. But it has potential major safely adventages.

Take, for example, a driver arriving too fast et a corner of a wet road. The car skids and the driver, in panic, over-corrects. The car is thrown into a worse skid in the opposite direction, and control is lost with painful consequences.

With "active" steering control, the computer-sensor system will recognise that the driver has over-reacted, and will allow the steered wheels to be turned only far enough for control to he resumed.

None of this is simply theorising.

The steering system is just one aspect of "active" computer control of the car. There are plenty of others envisaged by Mr Tony Rudd, managing director of Lotus Engineering. He is the overall research and developmeot chief of the British sports cer and engineeriog concern, now 97 per cent owned hy General Motors.

Tony Rudd of Lotus and Lars-Runn Tillback, Volvo's project manager.

Mr Rudd is unusually well qualified to speak on the subject of "active" control systems for the car, because Lotus has heen their major pioneer. Lotus's expertise in the field — a prototype car with "active" suspension was first unveiled three years ago — was not least of General Motors' reasons for acquiring the company.

Apart from development carried out for GM, which was Lotus' biggest contract engineering customer before the takeover, the results of Lotus' active suspension work for other companies such as Volvo and Peugeot are now becoming apparent.

Peugeot recently announced an active suspension-equipped prototype and a month ago Volvo gave a puhlic demonstration of its first active suspension-equipped cars which, like Peugeot, use Lotus' concept.

Mr Lars-Runo Tillhack, Volvo's project manager, took great delight in showing how the hig 760 series Volvo saloons conld be made to hank into the demonstration circuit's corners like an aircraft, with the car's attitude to the road determined—just like the new fighters—by sensors and computers.

The same control system prevented the Volvos' noses from dipping under hraking, or rising uoder acceleration.

Volvo's main pre-occupation with the system, naturally, is ride comfort and handling quality. And even at the development stage the system offers major advantages. "Normally," according to Mr Tillhack, "we would need to rehuild a car or huild a new one for each new type of suspension system or major suspension component we wished to test.

"Now we can change at least 66 different properties on one and the same chessis—entirely iodependent of each other—end on the same cer." A complete "chassis change" could be made in less than a minute, simply hy reprogramming the system, he pointed out

The small fleet of Volvos thus equipped remain mobile testbeds. The first purchasahle, active suspension productioo cars, even from Lotus itself, are untikely to appear mucb before the end of the decade.

But appear they will, and in Mr Rudd's view it will then be ooty e matter of time before active suspension moves downwards from the luxury end executive sector to hecome the standard system for family cars.

Mr Tillback mekes clear that there are likety to be several more useful and no less radical, functions in the pipeline. For example, there could well be active control of all four wheels for steering purposes, with the computer system deciding precisely how much to turn each wheet individoally for maximnm cornering efficiency.

All the above could even form part of a truly radical design in which the passenger compartment itself is effectively separated from the working chassis and sprung independently of it. Again, this is not fantasy—Lotus demonstrated it, effectively, on a quickly-hanned grand prix recing car a couple of years ago.

Taking place in parallel with the above is the development of forwerd-looking "radar," intended to allow the computer system to recognise and maintain, a safe distance from the car in front—thus heralding the end, without the optioo, of motorway "tailgating."

These systems of the future comhine well end are similer in concept to technology alreedy proliferating among cars on sale: anti-skid hraking already provides an example of how computers override the driver in the interest of his own safety.

These are heing joined, on Mercedes and some other luxury and executive cers, hy traction control systems, which prevent possihly destahitising wheelspin under acceleration.

The trend is already clear: the shape of the car will change, "it wilt be like a teardrop with sawn-off tail" ohserves Mr Rudd, and new materials such as plastic composites will make them lighter and more efficient in many ways.

Most significant, bowever, it is now apparent that one of the most important elements of the design of the executive car of the future will be to save the driver from himself.

John Griffiths

Sales competition

Flood of models in tough market

THE executive car sector in Britain is beiog huoyed up hy a veritahle flood of new models. The introduction next mooth of the Rover 800, Austin Rover's executive saloon, witt help keep the competitive temperature high for some time.

Austin Rover certainly needs the new model beceuse it has been more or less squeezed out of the tucrative executive sector in tbe past year.

The old Rover SDI seloon has faded fast and in the first quarter of this year accounted for only 3.58 per cent of total executive car sales in the UK.

Old age, a long record of reliahility prohlems and widespread knowledge thet the Rover 800 ia at laat on the way has cut deeply into demand for the SD1.

Some buyers are holding on untit the 800 (with a choice of 2-litre or 2.5-litre engine) is availahte; but Austin Rover must be wondering just how much husiness it has already tost to other newcomers.

In the past year or so the sector has been eolivened hy the introduction of the V6-engined Renault 25, which gave the French group an opportunity to make significant beadway at the top end of the UK car market for the first time.

Two new bottom-of-the-range Mercedes models — the "small" Mercedes 190 and a new version of the mid-sized car — from Diamler-Benz of West Germany also made their marks.

The Mercedes 190 only just failed to appear in the accompanying "Top Ten" tahle because its sector shere last year was 4.6 per cent, but hy the end of the first quarter this year that had improved to 5.23 per cent.

From Volvo of Sweden bave come the 700-series cars (of which more later) while the other Swedish group, Saab, has launched the 9,000-series models which straddle the executive and luxury sector.

The executive verson of the Saab 9000 is already in short supply in the UK aod, as sometimes happens, the interest it has generated has spilled over to the Saab 900 models and lifted their sales.

Among the manufacturers which sell smaller numbers io the UK, Citroen's new CX model doubled the attraction of the French company's executive offering, when measured in sales success, and it now has a respectable (for Citroent 1 per cent of the sector.

The Granada/Scorpio: holding 25 per cent of the market

Top ten UK executive cars

	1984 Sales	1984 Share of sector %	1985 Sales	1985 Share of sector %	First qtr. 1986 Sales	First qtr. 1986 Share of sector %
Ford Granada	23,215	18.0	26,055	18.8	10,765	25.7
Vauxhall Carlton	20,185	15.7	19,520	14.1	4,610	11.0
Volve	4,380	3.4	12,060	8.7	5,520	13.2
Rover SD1	16,690	13.0	11,835	8.6	1,500	3.6
Volvo 200	19,650	15.6	11,855	8.6	2,990	7.1
Renault 25	3,120	2.4	9,995	7.2	2,620	6.3
BMW 5-series	6,800	5.3	9,585	6.9	2,855	6.8
Mercedes 200-300	7,810	6.0	7,710	5.6	2,570	6.1
Saab 900	7,495	5.8	7,025	5.1	2,015	4.8
Audi 100	6,885	5.3	6,390	4.6	1,785	4.3
Sector total	128,860	100	138,435	100	41,905	100

Source: Sewell's Digest analysis of SMMT statistics

Most important of all was the launch in mid-1985 hy Ford, the UK market and sector leader, of its new executive car — named the Scorpio on the continent hut retaining the Granada name in Britain.

The other member of Britain's "big three" companies, General Motors-Vauxhall, will not he far behind Austin Rover with a new executive car. GM is replacing the Opel Rekord, sold in Britain as the Vauxhall Carlton, this autumn.

The break-through GM has made into UK compaoy car fleets in the past three years—mainly because of the attractions of the Vauxhall Cavalier hut which also involved doubling sales of the old Carlton — will enable the group to give the new Carlton a good send-off from en already firm base.

We cannot ignore, either, the fact that Honda, which has an astonishingly good reputation io Britain, is about to enter the executive car market — courtesy of Austin Rover.

The Rover 800 was developed jointly by Austin Rover and Honda. The UK group will assemhle the Honda version, named the Legend, alongside the new Rover.

Honda hopes to sell between 2,500 and 3,000 Legends a year in the UK, which would give it a modest 2 per cent of the executive car market.

There is no doubt that the attractions of so many new executive models will cootinue to tempt huyers to trade up from the upper-medium car sector.

According to an analysis by the DRI Europe forecasting groop, executive and luxury car sales in the UK rose from 170,000 in 1981 to 204,000 last year, an increase of 20 per cent.

DRI suggests that this year the total will rise again, to 215,000, and reach a new peak of 234,000 in 1988.

The figures depend partly on which cars are included lo the sector, hut a similsr study by Sewells Digest, from Society of Motor Manufacturers and Traders' statistics, confirms the trend.

According to Sewells, executive cars accounted for 7.4 per cent of the market in 1984 and then 7.6 per cent of the bigger 1985 market. So far this year, when car registrations have again been running at record levels, the executive sector has an 8.4 per cent share of total sales.

The gradual extension of the Ford Granada range has played a key part in this progress even though the group has still to reach its target of 30,000 Granada sales a year, which is relatively modest compared with the peak of 52,100 achieved by the otd-style Granada in 1979.

Perhaps that level will he regaioed when Ford launches an estate version of the Graneda.

At first Ford reckooed the hatchhack body of the new Granada made an estate version superfluous. But it seems to have changed its tune and an estate will be launched before long.

Ford'a decision gave an immense opportunity to Volvo, the leading supplier of estate cars in the executive sector. Previously, Votvo's rise in the UK coincided with the decline of the Rover marque.

Former Rovar buyers found Votvo an acceptahle suhstitute when there was no new model on offer from Rover during the darkest days of the crises at state-owned BL.

The Swedish company has also strengthened its position by introducing models, the 700-series cars, with a distinctive ahape, while contlnoing its old 200-series.

The 700-series has attracted new customers to the marque and at the end of the first quarter of this year Volvo had boosted its ahare of the executive car sector to more than 20 per cent (taking the 700 and 200-series combioed) from under 19 per ceot at the same stage last year.

BMW of West Germany gained considerahte additional sales for the 5-series, its main contender io the UK executive sector, by offering it with a "tax-breaking" 1.8-litre 4-cylinder engine last year.

The Munich-based group has been competing with itself to some extent by moving some versions of the 3-series models np-market, particularly in four-door form, where they are a great attraction for executive car huyers.

Meanwhile, the Lonrho subsidiary which imports Volkswagen and Audi cars to Britain, has been following the West German manufacturer's lead and is gradually distancing Audi from VW so as to establish it firmly as an np-market prestige marque.

Kenneth Gooding

Depreciation

Prices forced down

THE VALUE of an executive car will depreciate in its first year by up to 45 per cent from the original list price and could he worth only one-quarter of thet list price after three yeers, according to Glass Autostat, the puhlicatioo which tracks trends in the UK antomotive markets.

In other words, a car which cost, say, £10,800 new in March 1985 would have fetched only £5,945 in March this year when sold on the used-car market with 24,000 miles on the clock.

The mein reason for this hefty depreciation is that nearly every car huyer would prefer to purchase a new vehicle and sometimes he cannot afford to do so.

Anyone with £8,000 to spend could huy a new car. But aome people with that kind of money are tempted to huy a used executive cer because they can enjoy the comfort, luxury and implied status without paying the earth for it.

One important factor driving down the prices of used executive cars in the UK is that there is an inexorable stream of them for the market to absorb.

In Britain, a car is nearly always inclnded in the executive's total "pay and perks package." Companies buy most of the new executive cars and have to dispose of them regularly.

Buyers can be found, hut at a price, and that price has tended in the past two years to bave been driven down by additional pressure, according to Mr Leslie Allen, a director of Glass's Guide Service.

That pressure has occurred because manufacturers have improved substantially the specification of what Glass's calls the "upper medium" vehicles such as the Vauxhall Cavalier, Ford Sierra or Austin Montego.

They are offering luxuries, such as sunshine roofs, central locking, tinted glass and so on, which not long ago were rarely found on such cars.

In consequence, the used executive car, if it is to tempt buyers away from the new-style, highly-equipped Vauxhalls, Fords or Austins, has to offer even more luxury and extra equipment.

This means, says Mr Allen, that the company fleet huyer should openly encourage executives to fit lots of extras on their new cars, thus making the vehicles easier to dispose of on the used-car market.

Other important elements have to be considered by the company wanting to get the best deal when trading-in its used execntive cars.

Vebicles must, of course, be in good condition. Not only is it costly to put little humps and other deficiencies right but it also means the dealer will have to finance the cost of keeping the cars on his books that much longer.

So executives should be encouraged to look after their company-owned cars and keep them tooking good and in sound mechanical condition.

Neither does the trade like executive cars which have covered a great many miles. Dealers reflect this sentiment hy taking £50 or £60 per thousand miles off the price they are willing to pay when the car has done more than the average mileage.

Mr Allen suggests that the company car huyer who really wants to keep depreciation to the minimum ehould give the executives two-year-old models.

Bnt he smiles as he says it because he knows it is advice that hardly anyone would consider seriously. Executive cars are about status and the place the user enjoys in the corporate hierarchy.

Try telling the managing director that his next car should be a two-year-old Daimler Sovereign.

The next best approach is time-consuming and therefore unlikely to meet witb mucb enthusiasm from the corporate car buyer.

Mr Allen suggests the huyer shoutd took hack through the books to find out which executive cars have depreciated least in the past. That position is unlikely to change much in the next two years unless a radical change in the model ia on the way.

The careful corporate buyer should also talk to the dealers to find out what optional extras are considered essential for a particular model to have if it is to be attractive in the used-car market—and which extras either hring no return or even put off potential customers.

It is impossihle to geoeralise about such things, Mr Allen insists. Whereas one executive car will he difficnlt to sell unless it is coated in metaltic paint, another witt be bard to get rid of simply because it has metaltic paint.

Mr Allen pours scorn on some of the trade's old chestnuts. For example, it ia said that green cars are more difficult to sell because some people think green is an unlucky colour or that white cars are avoided because they show every little hlemish so clearly.

While it is true that green or white cars often fetch less at euction than the same models io other colours, Mr Allen says this is not reflected in the retail prices of cars on any dealer's forecourt. Green or red, the same model will have the same price.

"The trader's job is to trade and to talk down the price. They will offer a lower price because the car is green, because it is an automatic, because it is not an automatic, and so on.

"Somebody once tried to convince me that cars with oumher plates oa which the numerals added up to seven were beiog avoided by customers," he said.

Kenneth Gooding

Sue Leggatte: looks forward to supermarkets becoming car retailers.

Parallel market

Home discounts alter the picture

THERE WAS a time when buying a car—particularly an executive model—in another European Community country offered UK customors tho prospect of big savings. The situation has changed.

"Discounts on new cars being offered in Britain today are so big that anyone who does not shop around in the UK first for a car before considering buying abroad is quite mad," says Sue Leggatte of the Consumer Association's Motoring Which.

Two other important factors have also made the prospects for personal car imports much less attractive.

First, currency fluctuations have in general weakened the value of the pound against the other currencies that a personal importer would have to use. To take one example, tho fall against tho West German Deutschomark has been so great that BMW put up its UK prices twice in one month earlier this year to compensate.

Second, regulations forcing car producers to bring pre-tax prices more into line throughout the European Community, came into operation towards the ond of last year.

If these regulations do their job properly, thore will be little financial incentive in future to go shopping for a new car across the Channel.

The same regulations do ensure, however, that there is "full-line availability" of cars throughout the Community. In crude terms this means that manufacturers are required to make available to dealers vehicles similar to those the dealers normally sell, but with the specification of another Community country.

As usual with regulations, however, those dealing with new car sales have their loopholes.

Pre-tax prices can be as much as 18 per cent different between one Community country and another before the European Commmission will order an immediate investigation. Differences of 12 per cent for at least 12 months will also attract the Commission's attention.

Even those differences will not trigger an investigation if there is some serious distortion in retail prices—price freezes or high tax on cars—in the country concerned.

In the circumstances, there should still be some bargains in some countries for UK buyers.

But there could be problems finding a dealer willing to take an order for e right-hand drive, UK-specification model. The Commission's regulation puts the obligation on the manufacturer to supply once the order is placed, but thore is nothing to oblige the dealer to take an order in the first place.

BEUC, the European Bureau of Consumers' Unions, carried out another survey in Brussels (a favourite car buying centre for UK customers) recently and this showed a great difference in the behaviour of dealors. Many refused pointblank to take an order for a model with a UK specification.

Complaints from constituents about such refusals to supply led Mr Christopher Jackson, European Mombor of Parliament for Kent East, to complain to the Commission, which responded very quickly.

He now has copies of letters from both BMW and Daimler-Benz, tho Mercedes group, saying categorically that they will supply UK-specification cars in all Community countries—but pointing out that somo dealers do no wish t handle such vehicles and that manufacturers cannot force them to do so.

One company gets a special mention by all those who track personal car imports: General Motors, the Vauxhall-Opel group. GM supplies cars without delay and to UK specification.

There is one difference which might eventually turn out to be important—GB does not sell Vauxhall-badged cars on tho Continent, so those supplied to UK customers by its dealers there are sold as Opels. Whether this will have any impact, adverse or bonoficial, on their value in the used car market in Britain, is hard to say.

While some observers remain deeply suspicious about the manufacturers and the potential they have for putting unofficial obstacles in the way of would-be personal importers, the producers seem to stick to the rules rigidly when dealing with warranty claims.

Motor Magazine, which for some years has tracked the personal import business in Britain, says that although it has received many complaints about many other aspects, manufacturers deal with warranty claims in respect of personally-imported vehicles properly and without a murmur of complaint.

The difficulties encountered when an individual attempts to import a new car have helped spawn a large number of organizations willing to do the job on the customer's behalf.

Tho Consumers' Association says that, while this can savo some of the hassle involved, there have been some worrying cases where a few import companies have given customers a very raw deal.

Among tho main complaints were: long waits after the stated delivery times; prices increases after ordering the car; difficulty in getting information from the company after the order was placed; receiving cars with incorrect specifications.

The association points out that people setting up car import companies do not need any professional qualifications and yet handle hugo sums of money—26 recently surveyed by the association each handled an estimated £20m of customers cash.

Some attempts are now being made by some importers to form a trado association with a proper code of condoct.

But the reputation of this part of the car import business has not been helped by a recent spate of bankruptcies which left many would-be personal car importers out of pocket.

Motor magazine says that in recent months it has been getting many more complaints about the conduct of the import companies and it does seem that the business is under some strain—mainly because the cars most in demand are built in West Germany and there has been a sudden and steep rise in the valuo of the D-mark.

Kenneth Gooding

Tax benefits

A perk worth having

THOUGH THE Government continues to raise the taxable value of both car and petrol tax benefits by more than the rate of inflation company cars still remain an attractive perk for most "higher paid" employees and directors.

For tho past ten years company cars and the associated petrol benefit have been subject to tax on a banded scalo with the charges which an employee has to pay in each band being adjusted by successive Treasury orders. In his Budget this year the Chancellor announced that he proposed to raise tho charges in tho 1987-88 financial year, by around 10 per cent.

This is about the same increase as in tho past two years but, given the fall in inflation, actually represents a greater rise. So while giving the illusion that it is imposing the samo increase each year the government is in fact gradually whittling away at the tax concessions on company cars.

It is also managing to achieve this by keeping the salary level which defines an employee as "highly paid" and thus liable to tax on a company car at £8,500. While tho government failed to abolish this limit altogether, it is still managing to sweep more and more employees who are likely to qualify for a company car into tho tax net.

But since it has also retained the same minimum mileage threshold of 2,500 below which tho car would not qualify as a business car we will at least be spared the sight of seeing motorways chock-a-block next April with executives driving up and down on "essential business trips." to chalk up the highor requisite miles.

If an employee's business mileage is 2,500 or less then his car perk attracts tax at 150 per cent of the scalo benofit and if the business mileage exceeds 18,000 milos thon tho tax charge is halved. This too is being held at the same level.

The latest increase in charges announced in this budget wore accompanied by a restructuring of the rate bands which also come into offect at tho beginning of the next financial year.

Tho amount of tax which an omployee has to pay on the car itself is broken down into three main bands based on tho valuo of tho car whon new. The top charge band is for cars worth over £29,000, tho middle band for cars worth between £29,000 and £19,251 and tho lowost band for cars worth £19,250 and under.

This lower capacity is furthor broken down by the size of the ongine. Currently this is cars up to 1300cc, those between 1301 and 1800cc and cars of ovor 1800cc. But from April next year these ongine size breakpoints will be raised to 1400cc or undor, 1401 to 2000cc and over 2000cc to bring thom into line with a proposed EEC directive on car exheust emissions.

The charge is also dependont on tho age of tho car with the chargo on cars that are over four years old being generally about a third less.

This will be to tho advantage of thoso with larger engines. It means that 2-litre ongine cars will drop down a category so that such a car which is less than four years old will be assessed at £200 less in the next financial year.

For a basic rate taxpayer, helped too by tho cut in the basic income tax rate, this means a tax bill of £203 instead of £261 which will inevitably encourage the omployee to go for the biggest-engined car for which she or ho is oligible. However, such omployees may well be higher rate taxpayers and have to bear in mind that company cars attract tax at tho highest marginal rate on the scale benofit.

At the lower end of the scale a car with an engine of 1350cc will also be assessed at e lower rate because it will now fall into tho lowest category—£525 instead of the present £575 second band. For a basic rate tax payer, that means a paymont of £152, which is £14 less than if the bands remained the same.

Tho taxablo valuo of company petrol used for private motoring are being kept broadly in line with 1986-87 but adjusted for the change in breakpoints.

While company cars again this year escaped tho threat of being assessed as incomo when calculating National Insurance contributions, thoy will be hit by the proposal in this year's Finance Bill that omployers should be liable for VAT on any petrol provided for the omployee's private use with offect from next April.

This may woll mean that the omployers will stop supplying or paying for petrol for their omployees' company cars given tho additional paperwork and complications involved in dolormining the amount of petrol used for private consumption.

Though estimating tho true value of this perk may be difficult, a company car is still regarded as a perk woll worth having. And though it is governmont policy to phase out tax concessions on thom, the scale chargo on which tax is assessed is still well below tho valuo of tho car to the employee.

Even though tho tax which an omployee has to pay for this perk is gradually being increased it has to be weighed against the capital cost if the employees purchase thoir own cars, especially if they had to borrow funds to do so, as well as tho depreciation and the cost of servicing and repairs. All the running costs of a company car are covered within tho Inland Revenuo scale charge.

Margaret Hughes

Tax scale charges for cars and fuel

	Cars under 4 yrs. old £	Cars under 4 yrs. old £	Fuel £
1986-87			
Cars costing up to £19,250			
Up to 1300cc	450	300	450
1301-1800cc	575	380	575
Over 1800cc	900	600	900
Cars costing £19,250-£29,000	1,320	875	*
Cars costing over £29,000	2,100	1,400	*
1987-88			
Cars costing up to £19,250			
Up to 1400cc	525	350	480
1401-2000cc	700	470	600
Over 2000cc	1,100	725	900
Cars costing £19,250-£29,000	1,450	970	*
Cars costing over £29,000	2,300	1,530	*

*According to engine capacity

Source: Inland Revenue

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Luxury market

Waiting for the XJ40's appearance

THE MOTOR INDUSTRY is convinced that Jaguar will show its long-awaited new car, the XJ40, for the first time on October 8 at the Paris Motor Show.

The organisers of the Birmingham International Motor Show, which starts on October 18 at the National Exhibition Centre at the Jaguar company's back door, will be disappointed because they hoped to get the "world preview."

However, Jaguar's plan is something of a compromise. The first public appearance of the new car will be halfway through the Paris Show, not at the beginning, and certainly not during the Press previews. But the XJ40 will be at Birmingham throughout the run of the Show.

The XJ40 is the successor to the XJ6 saloon which first took to British roads as long ago as 1969 and has been Jaguar's best-selling car ever since.

Last year Jaguar sold 29,975 XJ6 saloons compared with 7,760 XJ-S sports cars and 215 of the grand old Daimler limousines. The figures emphasise that Jaguar is virtually a one-product company and there is naturally considerable interest—not so say some concern—in the fact that that one product is about to be replaced.

The XJ40 originally was expected to be introduced in 1984. But Jaguar knew it could not afford any mistake in bringing the car to market.

The company, now sold back to the private sector, spent two more years on further development and refinement in the knowledge that when the XJ40 is launched, it must pass scrutiny against the best that its much larger and more powerful main rivals, BMW and Mercedes of West Germany, can offer.

As it turns out, Jaguar was given the extra breathing space.

Sales of the current models continue to set records around the world, particularly in the US, the company's biggest market, and production last year reached 38,500 compared with the nominal capacity of 24,000 cars.

At Jaguar's annual meeting last month, John Egan, its chairman, teased shareholders when he said the XJ40 *models will* be launched this year. After a pause he added "or next year."

He warned again that profits—up from £90.2m in 1984 to £121.3m last year at the pre-tax level on a turnover up from £634m to £747m—will be "flat" in the year the XJ40 is launched. Jaguar would have to build up a stock of at least 2,000 cars for the launch, he pointed out, while *it has* been *operating* with virtually no stocks at all.

The company would also have to face some disruption to production and would have to start charging depreciation for the first time on £80m of new equipment bought to build the new car.

There are clear signs that the stocking-up process has begun. For example, Walter Frey, chairman of the Emil Frey organisation, the majority shareholder in the company which imports Jaguar cars to West Germany, said recently that he expected sales to fall back in 1986.

"*We do not want to* be left with many of the old saloons in stock at a time when the XJ40 is being launched," he explained. His company would prefer to organise a careful "run-out" of the old model, even if it meant leaving dealers short of cars for some part of the year.

Dealers as far away as Australia and North America also expect the XJ40 to be unveiled in the UK in the autumn.

Provided Jaguar has used the extra time well and the XJ40 proves to be worth waiting for, the delay is certain to provide the company with a commercial bonus. Few, if any, new models have been subject to so much speculation and anticipation for so long.

Few doubt that the XJ40 will assume the mantle currently worn by the saloon range. According to Monks Guide to Company Car Policy, the Jaguar/Daimler saloon is the car most favoured by company chairmen and other high-level executives in the UK.

Jaguar's XJ6—the company's best-selling car since its introduction in 1969

However, the certainty that the new car's introduction cannot be held back much longer has been having a noticeable impact on UK sales of the Jaguar saloon.

Last year Jaguar car sales in the UK fell from 5,740 in 1984 to 5,575 and its share of the luxury car sector slipped from 46.6 per cent to 41.4 per cent, according to an analysis of Society of Motor Manufacturers and traders statistics by Sewells International Digest.

That put Jaguar well ahead of the other models in the relatively-limited sector.

The Mercedes S-class models took second place last year with 2,630 registrations for a 19.5 per cent share of the sector, up from 1,975 and 16 per cent in 1984.

BMW's 7-series cars took third place in the sector with 2,255 registrations (2,060 in 1984) and a 16.7 per cent share (16.7 per cent).

Mercedes' SL/SEC models came next last year with 1,475 registrations (1,263) and a 11 per cent share (10.3 per cent) followed by the BMW 6-series with sales of 818 (665) and a 6.1 per cent share (5.24 per cent).

The sector, according to the Sewells' analysis, is completed by the Rolls-Royce and Bentley cars which last year increased sales from 630 to 710 and market share from 5.1 per cent to 5.3 per cent.

This is a clear indication that the Rolls-Royce company, part of the Vickers group, is on the mend after a very bad patch at the beginning of the 1980s.

The reasons behind the decline in Rolls-Royce's fortunes were complex. Partly it was to do with the recession in Britain and the obvious fact that it was unacceptable for the company chairman to collect his new Roller at a time of large-scale lay-offs and redundancies.

Companies had become used to the days when it was possible to buy a Rolls, run it for a couple of years and then sell it for about the price paid for it. All that changed. Rolls-Royces began to depreciate fast.

The problems were compounded by soaring interest rates in the US, the company's best market. Sales plummeted there too.

Rolls-Royce could do nothing about the recession and interest rates worldwide, but the management was strengthened, particularly on the marketing side, new versions were introduced—including those which put renewed emphasis on the Bentley marque—and careful attention was given to making sure customers got the quality they deserved.

The efforts paid off and last year 2,390 Rolls-Royce and Bentley cars were produced compared with 2,200 in 1984.

Both Mercedes and BMW continue to benefit from increasingly widespread "user-chooser" policies in UK companies where executives are given relative freedom of selection when picking their "perk" company car.

The West German groups also benefit financially from the very high level of factory-fitted equipment demanded by UK customers. BMW in particular fits as standard in its 6-series and 7-series cars equipment offered only as optional extras in its domestic market.

For in the UK market the emphasis really is on luxury.

Kenneth Gooding

Rolls-Royce Silver Spur—attention to quality has helped to push up Rolls sales.

Above: Bentley Mulsanne—there has been a renewed emphasis on the marque. Below: S Class Mercedes-Benz—a beneficiary of user-chooser policies in the UK.

V A U X H A L L C A V A L I E R . B E T T E R . B Y D E S I G N .

Is the writing on the wall for other fleet cars?

The evidence is there for all to see. And it's becoming increasingly hard to ignore.

Indeed, these days it's not so much a case of justifying running the Cavalier. It's justifying not running it.

The Cavalier was, after all, voted [illegible] Fleet Car of the Year in [illegible] based on best value [illegible]

[illegible] point home [illegible]

[illegible]

Just recently [illegible] came out 'tops for reliability' in an independent report, based on a survey of over 20,000 vehicles.

For example, in the first 25,000 miles, the Cavalier's clutch had only a 0.4% chance of failure.

(Compare that with figures of 14% for the Sierra and 5.3% for the Montego.)

Indeed, taking into account all seven components studied, the Cavalier came a clear first.

All of which would make other fleet cars rather hard to defend.

Especially when in conversation with the financial director.

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday June 19 1986

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VW sees Seat as base for small-car expansion

University of Jordan Library Amman Jordan

BY DAVID WHITE IN MADRID

VOLKSWAGEN, West German car manufacturer, yesterday confirmed plans for a big new plant for Seat, the Spanish company in which it has taken 51 per cent control. The move forms part of a $3bn investment programme to develop VW's Spanish offshoot as a production base for small cars and to build up the group's share of that market.

Mr Carl Hahn, VW chairman, said that because of restructuring and Seat's current cost situation, the West German group did not expect profits in Spain in the immediate future. But he expressed confidence that it was taking over Seat "in good shape." Seat, previously state-owned, lost Pta 36.6bn ($258m) last year.

In addition to the Pta 80bn that VW is paying, in three stages, for full control of Seat, Mr Hahn said it would plough in a further Pta 57bn in planned capital increases.

Funds for the Pta 430bn investment programme would come from incoming equity payments, Seat's own cash flow and a "very considerable volume" of outside financing, Mr Hahn said.

The takeover agreement, which VW signed with the Spanish state holding company INI in Geneva on June 9, officially took effect yesterday.

Mr Werner Schmidt, who has moved from his post as VW's sales director to become chairman of Seat, said that although VW took about 13 per cent of the European car market last year, its share of the small-car sector was only 6 per cent.

The group's aim was, with the addition of Seat, to double that share by the 1990s.

Current plans would mean reducing Seat's workforce from 21,500 to 17,000 in 1992. That was conditional on production levels – which under the agreement between VW and INI are due to be stepped up to 410,000 cars a year – and productivity gains.

Mr Hahn said plans for the new plant at Martorell, near Barcelona, were at a preliminary stage, and that it had not been decided how the overall investment was to be distributed.

Seat's current Barcelona plant was due to continue up to 1990-91.

VW has appointed six members to a new 11-man board at Seat. However, under a German-style separation of supervisory and executive functions, Mr Juan Antonio Diaz Alvarez, the previous Seat chairman, continues as head of the management team.

Sales at Saab Scania rise 11%

By Kevin Done, Nordic Correspondent, in Stockholm

SAAB-SCANIA, Swedish automotive and aerospace group, increased group sales by 11 per cent in the first four months of 1986 to SKr 11.422bn ($1.6bn) but profits remained virtually unchanged.

Profits after financial items totalled SKr 1.050bn compared with SKr 1.038bn in the first four months of 1985.

The group said that the turnover of the Scania trucks, buses and engines operations increased by 9 per cent to SKr 3.64bn from SKr 3.337bn, with the higher sales coming chiefly from Western Europe and South America.

The group has received two large truck orders during the spring – for 1,600 all-wheel-drive trucks for the Norwegian armed forces, and 680 cross-country trucks as part of an Indian armaments order – and total new orders for the division rose to SKr 5bn from SKr 4.5bn a year earlier.

The number of vehicles delivered rose by 10.4 per cent to 9,028 units.

The Saab car division increased the volume of car sales by 9.4 per cent to 43,100 units, while turnover rose by 8 per cent to SKr 4.64bn.

Some 93 per cent of commercial vehicles sales and 78 per cent of car sales were exports.

Sales of the aircraft division increased by 25 per cent to SKr 1.033bn, helped by the fact that Saab now books the full sales value of its Saab SF 340 regional airliners, after the break-up of its earlier joint venture with Fairchild Industries of the US.

Mitsui and NKK look at joint shipyard cuts

BY YOKO SHIBATA IN TOKYO

TWO of Japan's biggest shipbuilding companies are jointly studying plans to cut their combined shipyard capacity by about a fifth in response to the sharp decline in world order books.

Mitsui Engineering and Shipbuilding and Nippon Koken Kaisha (NKK) are looking at co-ordinated capacity cuts as a way of meeting the 20 per cent reduction for the whole industry that has been recommended by a government advisory panel.

No decision has yet been taken by the companies, which started discussions on the joint cuts to see if that would be the most efficient way of meeting the target set by the Council for the Rationalisation of Shipping and Shipbuilding.

The council is expected to put its detailed proposals to Mr Hiroshi Mitsuzuka, the Transport Minister, next week. Those might include the recommendation that a 20 per cent cut be imposed for each yard rather than each company.

Mitsui has one slipway in its Chiba yard and two in Tamano, while NKK has one in Tsu, one in Tsurumi and one in Shimizu. Cutting capacity at yards with one slipway would mean their closure, and that has led the two companies to consider a joint approach.

Japan's shipbuilding industry is the biggest in the world, followed by South Korea. World orders have fallen sharply since the mid-1970s, with the surplus of world shipping and a spate of financial collapses in the past year worsening the crisis in yard order books.

The current strength of the yen has also put Japanese yards at a disadvantage against Korean and ather competitors. The Japanese industry cut capacity by 35 per cent in the late 1970s.

The plans under study by Mitsui and NKK include the closure of one slipway by each company at Tamano (Mitsui) and Shimizu (NKK) and transfer of the NKK operation at Tsurumi to Tamano. That would enable both companies to achieve 20 per cent reductions.

Repap to take over Skeena pulp mill

By Robert Gibbens in Montreal

REPAP Enterprises, a 16-year-old Canadian company specialising in rebuilding old mills, will become one of North America's top market pulp and coated-paper manufacturers with the acquisition of the Skeena bleached kraft pulp mill and sawmill near Prince Rupert, British Columbia.

The mill is being sold by British Columbia Resources, a large holding company, which is seeking to lessen its reliance on the cyclical pulp business.

Repap, controlled by Mr George Petty, is paying C$100m (US$72m) for Skeena, and will borrow C$75m of it from the British Columbia Development Corporation, a government agency.

The balance, plus C$50m in spending over the next two years, will come from equity and other financing.

Repap will reopen Skeena's second unit, bringing total capacity to 1,150 tonnes daily, or over 350,000 tonnes yearly. Together with its eastern Canada operations, Repap will have about 500,000 tonnes of market pulp to sell in North American and other markets, and about 500,000 tonnes of coated papers for magazines and advertising inserts.

Repap is just starting up a new 200,000 tonnes yearly coated-paper machine in New Brunswick as part of a C$400m programme including acquisition and modernisation of a groundwood pulp mill and a bleached kraft mill. It already has 300,000 tonnes of coated paper capacity, with six machines, at Kimberley, Wisconsin.

Midtec, the US coated paper operation, has just refinanced US$150m of term debt on a 15-year basis and has repaid in advance the last US$50m owing to the Canadian Export Development Corporation from loans assumed for modernisation of the Wisconsin plant.

Resorts International plans $50m writedown of assets

BY PAUL TAYLOR IN NEW YORK

RESORTS INTERNATIONAL, the Atlantic City casinn and property group, said yesterday that it planned to take a second-quarter charge of about $50m to cover the writedown of assets – including "certain amphibious airplanes" and the group's 11 per cent stake in Pan Am – and to establish certain reserves.

The move, approved by the group's newly elected board, follows the death in April of Mr James Crosby, Resorts' former chairman, who died after a heart attack and was a large shareholder in the group.

Since his death, members of his family, who control about 60 per cent of Resorts' stock, have moved quickly to consolidate their control over the group.

Mr Crosby was known as an aviation enthusiast. Last year the group bid unsuccessfully for TWA and subsequently acquired tha Pan Am stake, prompting speculation that Resorts might eventually bid for the carrier.

Mr Crosby also took Resorts into the airline business itself, operating a seaplane service between Florida and various islands and a helicopter link between New York and Atlantic City.

The balance-sheet restructuring represents the first indication of the new board's operating strategy. The board is now chaired by Mr Henry Murphy, a New Jersey undertaker and Mr Crosby's brother-in-law.

Mr I. G. Davis, Resorts' long-time president who was elected chief executive after Mr Crosby's death, does not have a seat on the board.

Mr Davis has already said that the group's 725-room Atlantic City casino, put on auction last year, is now not for sale and has indicated that it will focus more closely on short-term profits rather than long-term asset value. The group also a 1,100-room hotel casino in the Bahamas.

Resorts said yesterday that the writedown of assets to their estimated realisable value included an unidentified number of seaplanes "which have not proven marketable", litigation reserves, abandoned programmes, and the reduction of the carrying value of the group's investment in Pan Am to current market value.

The group said its total assets of about $1bn consisted mainly of property and improvements that were carried on the books at cost, which is below current market value. Last year the group reported an operating profit of $4.9m on revenues of $463.9m.

SEC charge for American Express

By Our New York Staff

THE US Securities and Exchange Commission (SEC) has charged American Express, the New York-based financial services group, with accounting violations in its Fireman's Fund insurance unit in 1981 and 1982, as reported in brief yesterday. The violations, relating to reinsurance transactions, improperly increased earnings, the SEC said.

American Express immediately settled the charges without admitting or denying any wrongdoing. The company, explaining its decision, said it had agreed to a "compromise settlement" of the charges in order to end the two-year SEC investigation and end further expenditure of corporate resources. It also pointed out that the agreement did not require either the parent company or Fireman's Fund – which has since been spun off as a separate entity – to restate their earnings.

The SEC alleged that the controversial transactions had the effect of shifting income to periods when Fireman's Fund's earnings, together with those of the property-casualty insurance industry in general, were suffering a decline. The commission said that enabled American Express to "present a favourable earnings picture to shareholders during the downward phase of the industry underwriting cycle."

American Express's method of accounting for Fireman's Fund's participation in two reinsurance transactions in 1981 and 1982 was not in accordance with generally accepted accounting principles, the SEC claimed. It increased the parent group's pre-tax income by $54m in 1981 and by about $40m in 1982. For the two years in question American Express reported pre-tax earnings of $907m and $705m respectively.

American Express said that if the reinsurance transactions had been treated in a manner acceptable to the SEC, its $581m in 1981 net earnings would have been reduced by 5.7 per cent. In 1982, net earnings of $524m would have been 3.6 per cent lower.

The financial services conglomerate said both it and Fireman's Fund still believe the transactions were accounted for properly and in accordance with industry practice. Arthur Young, the companies' independent auditors, had issued unqualified opinions on the relevant financial statements. American Express also noted that SEC commissioner Mr Edward Fleischman dissented from the commission's decision to institute enforcement proceedings.

The company agreed to include in all future SEC filings that contain 1981 and 1982 financial data a footnote describing the proceedings and resolution.

French bank denies covering up losses

BY DAVID MARSH IN PARIS

SOCIÉTÉ GÉNÉRALE, the third-largest French nationalised bank, has denied covering up FFr 2.6bn ($364m) losses in recent years caused by exposure to risk in Brazil and Singapore.

The bank issued a statement yesterday after publication of a confidential report from the Cour des Comptes, the French Government's accounting regulatory body, detailing the bank's losses resulting from ill-starred deals in the two countries.

Société Générale said it had made provisions on grounds of "necessary prudence" to cover risks in the countries, amounting to FFr 2.6bn at the end of 1985. It denied allegations made in the Cour des Comptes report, published by the satirical weekly *Le Canard Enchaîné*, that the extent of losses had been hidden from the bank's board and auditors.

A total of FFr 914m in provisions is said to have stemmed from the bank's dealings, which started in 1981, with a Brazilian businessman, Mr Naji Nahas. Those resulted in doubtful loans being granted to finance a joint banking venture.

In Singapore, about FFr 1.7bn in exposure resulted from loans to Chinese property developers to back ventures subsequently hit by the 1983 collapse of the construction market.

Société Générale increased its consolidated net profits 41 per cent to FFr 1.3bn last year after making net new provisions of FFr 5.5bn, to cover risks on loans at home and abroad.

ENI to sell 18% stake in engineering offshoot

BY JAMES BUXTON IN ROME

ENI, the Italian state energy holding company, is to sell to the public an 18 per cent stake in Nuovo Pignone, a subsidiary that makes compressors and other engineering equipment.

The decision of ENI to reduce what is in effect a 100 per cent stake in Nuovo Pignone is the second important act of partial privatisation carried by ENI since it came under its present management in 1983.

An underwriting consortium is to handle the sale of the 18 per cent stake in the company, which has a nominal capital of L120bn ($78m). Some 21.6m shares are to be sold at a nominal value of L1000, to which will be added a premium, to be decided at the time of issue.

Nuovo Pignone shares will be quoted on the Milan, Rome and Florence stock markets.

ENI also intends in the future to issue convertible bonds that would increase the proportion of the company's share capital available to the public by 25 per cent. The bonds will first be offered to holders of Nuovo Pignone shares.

Nuovo Pignone, which was an important contractor for the Siberian Gas pipeline in the early 1980s, last year had sales of L880bn on which it made a profit of L40.1bn.

The company's order book stands at L1010bn, some L190bn more than in 1984. Debt at the end of 1985 was L275.6bn compared with L349bn at the end of 1984.

ENI's engineering sector is one of the few parts of the group, total sales of which in 1985 amounted to L46,708bn, that makes appreciable profits.

ENI has privatised a minority of its stake in Saipem, its profitable drilling and pipelaying subsidiary, but has so far made no move to reduce its 100 per cent stake in Snamprogetti, which carries out pit engineering construction projects.

Kuoni to widen activities in hotel sector

By John Wicks in Zurich

KUONI, the Swiss travel agency group owned by Swissair, is to expand its activities in the international hotel sector.

Working through its new subsidiary, Kuoni Hotel Management, to be set up in Zurich with a capital of SFr 500,000 ($270,000), the company intends to be operating between 25 and 30 hotels in three years' time.

Kuoni owns one hotel on both Antigua and Barbados, manages three hotels and a leisure centre in Switzerland, and holds minority stakes in two Kenyan hotel companies.

Mr Jack Bolli, chairman of parent company, Reisebüro Kuoni, said most properties would be in the Caribbean and the Mediterranean areas. The company hoped future management contracts would include agreements with an existing Maltese hotel and new projects in St Lucia, Antigua and Turkey. In the Hotel Kiris project in Antalya, to be southern Turkey's first de luxe hotel, Kuoni is also to hold an equity participation.

Mr Bolli said the group did not intend to own many of its own hotels but properties might be bought in exceptional cases. Operations were to be limited to four or five-star hotels in holiday areas.

That means Kuoni will not compete with city hotels operated by Swissôtel. That company is a joint venture of Nestlé and Swissair, the airline holding 50.2 per cent in Reisebüro Kuoni.

Nokia group earnings advance fivefold

BY OLLI VIRTANEN IN HELSINKI

NOKIA, Finland's largest privately owned company, with interests in electronics, cable, forests and rubber industries, achieved a fivefold increase in profits after financial items from FM 20m to FM 101m ($20m) for the first four months of the year. Sales rose by 9 per cent to FM 3.5bn.

The substantial increase in profits is attributed to lower financing costs as well as the performance of the electronics division, where profits grew by 14 per cent. The share issue that raised FM 295m this spring, eased the company's financing cost burden considerably.

Mr Kari Kairamo, chairman and chief executive, regards the result as "satisfactory" considering there were a number of strikes and problems in Finland's trade with the Soviet Union. The volume of that trade may decrease drastically because of falling oil prices.

Mr Kairamo expects sales for 1986 to rise by 10 per cent. The result for the year, he said, would show an improvement from 1985's "favourable" figures.

Profits rise at Massey

By Our Financial Staff

MASSEY-FERGUSON, the multinational farm and industrial machinery maker, has registered a first-quarter profit of US$5.9m, against US$400,000 last year on revenues up from US$306m to US$346.2m.

After preferred dividends, earnings per share equalled 2 cents, against a loss last time of 5 cents.

The group, which has been renamed Varity Corporation to help to shake off its recent image as a financially troubled concern dependent on the farm-equipment market, expects results for the whole of the current fiscal year to show a significant improvement. Last year produced a net profit of only $3.9m – equal to a 16 cents a share loss after preferred dividends.

Genstar talks break down

By Our Montreal Correspondent

IMASCO, the Canadian conglomerate, has failed to reach agreement with the management of Genstar for a leveraged buy-out of Genstar's non-financial services assets. The two sides could not agree on a price.

Imasco says it will now go ahead with other disposal plans for the assets, which consist mainly of cement and building materials, property, waste management and marine services businesses, "on a controlled auction basis."

Imasco acquired Genstar for C$2.6bn (US$1.88bn) recently, but plans to retain only Canada Trustco, the seventh largest financial institution in Canada. Analysts have estimated the value of the non-financial assets at between C$800m and C$1bn.

CooperVision restructures

COOPERVISION, the fast-growing US eye-care products group, plans a restructuring of its operations that might lead to the establishment of two or more separate independent public companies, AP-DJ reports.

The plan is designed to accelerate the repayment of its long-term bank debt and to give increasing recognition to the growing importance of its surgically related businesses.

CooperVision said the first step involved grouping its eye care and other strategic surgical units and increasing the responsibility of its CooperVision international unit for the activities of both groups outside the US.

The second step involves the establishment on or before November 1 of a separate company to be called Cooper Medical that will include all surgically related operations of the company worldwide, including eye care.

The final step authorises preparation for an initial public offering of Cooper Medical, or one or more of its business units, as early as January 1987. Proceeds would be used to reduce the company's debts.

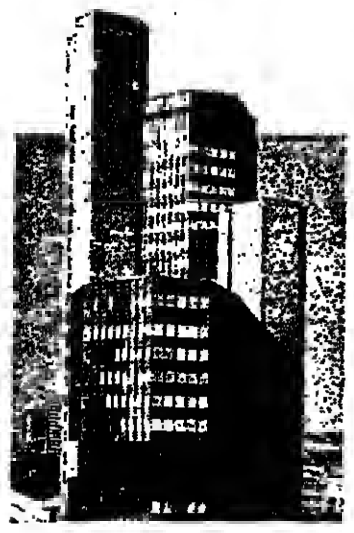
CooperVision reported a loss of $14.9m on sales of $130m for the second quarter ended April 30. For all 1984-85, net income was $35.2m on sales of $331m.

Loews boosts CBS stake

By Our Financial Staff

LOEWS, the New York-based conglomerate that draws the bulk of its earnings from its investment in the insurance business, has raised its stake in CBS, the US broadcasting and entertainment group, to 19.7 per cent from 17.7 per cent. The additional 449,000 shares were bought for a total of $80.3m between June 3 and 13.

Continued Progress in 1985


Healthy growth in earnings. Client-oriented services expanded.

Helaba Frankfurt is based in West Germany's financial capital.

1985 was another successful year for Helaba Frankfurt. The good results featured increased earnings, moderate growth and further restructuring of the balance sheet.

Total assets (+0.8% to DM 66.9 billion) and business volume (+0.5% to DM 68.9 billion) rose only slightly over the previous year. This was attributable to a sharp decline in interbank transactions. Long-term credits went up by 3.5% to DM 30 billion, reaching some 45% of the balance sheet total (44% in 1984). Short-term liabilities were reduced more strongly than long-term liabilities. The volume of own bonds outstanding grew by DM 1.1 billion to DM 28.4 billion.

The 1985 performance was a continuation of the highly positive developments achieved by the Bank over the past few years. After substantial risk provisions and strengthening of the reserves by DM 25 million – equity capital now amounts to DM 1.341 billion – Helaba Frankfurt maintained its dividend of 5% to shareholders.

Helaba Frankfurt is a government-backed regional universal bank concentrating on wholesale banking and medium to long-term lending. It acts as banker to the State of Hesse, and performs clearing functions for Hesse's 52 Sparkassen.

Financial Highlights DM million Dec.31	1983	1984	1985
Business volume	65,315	68,622	68,941
Balance sheet total	62,999	66,391	66,928
Total credit volume	49,590	50,150	51,560
Short-term assets	16,964	18,224	17,692
Due from banks	10,884	12,631	11,985
Due from customers	6,080	5,593	5,707
Long-term loans	28,013	28,978	29,986
Loans to banks	4,383	4,425	4,835
Loans to customers	23,630	24,553	25,151
Short-term liabilities	17,080	18,953	18,072
Long-term liabilities	5,225	4,976	4,595
Bonds issued	26,720	27,317	28,385
Capital and reserves	1,291	1,316	1,341
Net income	75	50	51

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INTERNATIONAL COMPANIES and FINANCE

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Capel defers Singapore payment

BY CHRIS SHERWELL IN SINGAPORE

ANOTHER TWIST in Singapore's controversial forward contracts saga has unexpectedly come to light following a decision by James Capel, the London stockbrokers, to put off making a payment arising out of a transaction it entered into a year ago.

The case involves 1.9m shares in Ambassador Hotel, a listed Singapore company. Capel was due to channel S$12.68m (US$5.7m) back to the Singapore merchant banking arm of Banque Nationale de Paris by June 12. But it has not received the money from the borrower, Mr Manharlal Gathani, who bought the shares on a 12-mooth forward basis and joined Ambassador's board.

This is not the first time Capel has faced such a problem. Last November the firm was the first to be hit by a default on a forward contract as a result of the collapse of Pan-Electric Industries, which had guaranteed S$140m-worth of forward contracts. But at that time Capel paid up, on this and other forward deals, all at considerable cost to itself.

On this occasion the firm is evidently worried about the original deal and, more pertinently, what has happened to Ambassador Hotel since that time. So too is Singapore's powerful Commercial Affairs Investigation Department, which has been looking into the company's affairs.

Forward share contracts have been banned in Singapore since December, when the Pan-Electric collapse prompted the unprecedented three-day closure of the Singapore and Malaysian stock markets. More than anything else, these contracts were a sophisticated mechanism for creating credit.

Thus, banks would fund a spot share transaction using a broker as an intermediary. A counter part forward transaction, usually three, six or 12 months ahead, could be relied on to produce excellent returns for both bank and broker—provided the deal was honoured by the borrower, who was often a share speculator.

The scheme fell apart last year under the weight of a falling stock market, leaving brokers and bankers chasing bad debts, with mixed success. Pan-Electric's forward share commitments, for example, were taken over by Mr Tan Koon Swan, the Malaysian entrepreneur, and some have still not been honoured.

The Ambassador case, however, throws a fresh shaft of light on the forward contracts system. It is now clear that Mr Gathani became the largest shareholder in Ambassador and accepted a directorship—subsequently becoming managing director—without fully paying for his stake.

Since at least one other director of the company is believed to have become a shareholder on a similar basis, the wider question has inevitably arisen whether other companies in Singapore and Malaysian have also been acquired by such means, and whether the practice is legal.

This has looked even more pertinent because of a stream of individually minor events at Ambassador over the past year which, cumulatively, cause concern. The company has entered into a series of complex transactions, some with companies connected to the directors, only to terminate them or see them go awry amid conflicting legal claims.

These events have led Ambassador's auditors to qualify the company's latest accounts. They appear doubtful whether a S$2m deposit handed over by Ambassador under a now-terminated agreement is recoverable, and they complain about the lack of access to acounts of a company with which Ambassador has had dealings. On top of this Mr Gathani has resigned as managing director—ironically on a forward basis, since it takes effect in November. The company says he is not in Singapore, and refuses to offer any reasons for his departure.

Capel and BNP also refuse to comment on what is plainly a sensitive matter and one which, in all likelihood, will end up in the courts.

Sony first half net profits fall by 7.9%

By Yoko Shibata in Tokyo

SONY, the Japanese consumer electronics giant, yesterday reported group net profits in the first half to April down 7.9 per cent to Y35.09bn ($209.2m), on sales which at Y691.92bn were up 1.8 per cent.

Good demand for its new 8mm format video cassette recorders and compact disc (CD) players, as well as a doubling in non-operating income to Y40.64bn, failed to offset the negative impact of the yen's appreciation.

Value sales in the US fell 1.3 per cent as a result, although its exports to European countries posted a 23.6 per cent gain.

In order to deal with the stronger yen, Sony is constructing a CD player plant in France and a CD disc plant in Austria.

For the parent company alone, pre-tax profits were down 35.2 per cent to Y30.31bn with net profits of Y20.4bn, down 18 per cent. Unconsolidated sales of Y547.02bn were 8.6 per cent higher.

Overseas sales accounted for 68 per cent of total group turnover, down from 72.3 per cent. Sony covered exports up to the end of the first half in the forward exchange market. These hedging measures cover only about 70 per cent of its projected exports for the third quarter and none in the fourth quarter.

For the full year, consolidated net profits are expected to fall 27 per cent to Y53bn

Further sales by Malaysia Mining

By Our Financial Staff

MALAYSIA MINING Corporation has made a further move to shed assets in the wake of the tin price crisis by agreeing the sale of its 42.9 per cent stake in the quoted Aokam Tin for 22.81m ringgit ($8.73m).

The buyer of the holding is Halimtan, an investment holding company under Bumiputra (native Malay) control. Malaysia Mining has already been paid an initial 7.6m ringgit and is to receive the remainder in two tranches over the next year.

The per-share price on the deal is 3.80 ringgit, a considerable discount to Aokman's recent trading range of 8 ringgit to 7.20 ringgit.

Foreign exchange loss hits Isuzu

BY OUR TOKYO STAFF

ISUZU MOTORS, the Japanese car and truck maker in which General Motor has a 38.6 per cent stake, suffered a pre-tax profits fall of 32.9 per cent in the half-year to April to reach Y4.44bn ($26.47m).

The poor performance was attributed to a Y15bn foreign exchange loss caused by the sharp upturn of the yen against the dollar. The prices in yen terms of the cars it supplies to GM were cut by a total of Y4bn.

In an attempt to alleviate the impact of the yen's rise, Isuzu has in addition acted to boost productivity and prune plant investment.

The company did swing back, however, to net profits of Y1.65bn from a net loss of Y4bn in the preceding first half, when it suffered heavy depreciation costs and interest burden as a result of a Y70bn investment for development of "R-cars" for supply to its US partner.

Half-year sales rose 11 per cent to Y528.03bn, with domestic turnover advancing 5 per cent by value and exports up 16 per cent.

For the year as a whole, Isuzu expects pre-tax profits of Y8bn, down 37.3 per cent, on turnover of Y1,040bn, up 2.3 per cent from the previous year.

Lower costs boost Nokia

NOKIA, Finland's largest privately owned company, with interests in electronics, cable, forests and rubber industries, has reported a fivefold increase in profits after financial items to FM 101m ($19.3m) for the first four months of the year, against FM 20m, writes Olli Virtanen in Helsinki.

Turnover rose 9 per cent to FM 3.62bn. The increase in profits is attributed to lower financing costs as well as to a good performance by the electronics division which boosted earnings by 14 per cent.

The targeted share issue which raised FM 295m this spring eased the company's financing cost burden considerably.

Mr Kari Kairamo, the chairman, regards the result as "satisfactory" considering a number of strikes and the problems in Finland's trade with the Soviet Union. The volume of that trade may decrease drastically due to falling oil prices.

U.S. $250,000,000 GUARANTEED FLOATING RATE SUBORDINATED CAPITAL NOTES DUE SEPTEMBER 1996

Citicorp Overseas Finance Corporation N.V.

(Incorporated with limited liability in the Netherlands Antilles)

Unconditionally guaranteed by

CITICORP

Notice is hereby given that the Rate of Interest has been fixed at 7[illegible]% and that the interest payable on the relevant Interest Payment Date, September 19, 1986, against Coupon No. 8 in respect of US$50,000 nominal of the Notes will be US$902.43 and in respect of US$10,000 nominal of the Notes will be US$180.49.

June 19, 1986, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

Rabobank set for South East Asia expansion

By Our Singapore Correspondent

RABOBANK, the Netherlands' third largest bank after ABN and Amro, is defying the general banking trend in South East Asia by opening an offshore branch in Singapore and representative offices in both Hong Kong and Jakarta.

The bank, which specialises in financing agribusiness, has assets of US$48bn and says it is internationalising its operations because it foresees an expansion of trade between South East Asia and the Netherlands.

The Singapore office, which opened on Monday, will offer a variety of banking services and cover the Asean countries and Australasia. The Jakarta office, which opened yesterday, will concentrate on trade between the Netherlands and its former colony, while the Hong Kong office, which starts up next Monday, will be involved in Dutch trade with China. This grew 33 per cent last year.

This announcement appears as a matter of record only.

General Motors Corporation

(Incorporated in the State of Delaware, United States of America)

Yen 22,000,000,000

5¾ per cent. Notes due June 18, 1991

Issue Price 101½ per cent.

Mitsui Finance International Limited (Mitsui Bank Capital Markets Group) — Morgan Guaranty Ltd
Bank of Tokyo International Limited — Credit Suisse First Boston Limited
Dai-Ichi Kangyo International Limited — Daiwa Europe Limited
Goldman Sachs International Corp. — IBJ International Limited
Leu Securities Limited — Merrill Lynch Capital Markets
Mitsubishi Finance International Limited — Morgan Stanley International
Nomura International Limited — Salomon Brothers International Limited
Sumitomo Trust International Limited — Tokai International Limited

June, 1986

Midland Bank plc

(Incorporated with limited liability in England)

U.S. $750,000,000

Updated Floating Rate Primary Capital Notes

For the six months from 19th June 1986 to 19th December 1986 the Notes will carry an interest rate of 7¼% per annum.
On 19th December 1986 interest of U.S. $368.54 will be due per U.S. $10,000 Note for Coupon No 3.

Agent Bank:
EBC Amro Bank Limited

This advertisement complies with the requirements of the Council of The Stock Exchange.

19th June, 1986

Province of Nova Scotia
(CANADA)

U.S. $100,000,000

8 per cent. Debentures due 1989

Issue price 101 per cent.

The following have agreed to purchase or procure purchasers for the Debentures:

Union Bank of Switzerland (Securities) Limited
Banque Paribas Capital Markets Limited — Credit Suisse First Boston Limited
Dominion Securities Pitfield Limited — Kredietbank International Group
Leu Securities Limited — McLeod Young Weir International Limited
Merrill Lynch Capital Markets — Morgan Guaranty Ltd
Orion Royal Bank Limited — Richardson Greenshields of Canada (U.K.) Limited
S. G. Warburg & Co. Ltd. — Westdeutsche Landesbank Girozentrale
Wood Gundy Inc.

Application has been made to the Council of The Stock Exchange for the Debentures, to be admitted to the Official List, subject only to the issue of the temporary global Debenture.

The Debentures will bear interest at 8 per cent. per annum, payable annually in arrear on 26th June, the first payment being made on 26th June, 1987.

Particulars of the Debentures and Province of Nova Scotia, in the form of an Extel Card, are available in the Extel Statistical Service and copies may be obtained during usual business hours up to and including 23rd June, 1986 from the Company Announcements Office, The Stock Exchange, Throgmorton Street, London, EC2 and up to and including 3rd July, 1986 from:

Union Bank of Switzerland (Securities) Limited, The Stock Exchange Building, London EC2N 1EY
R. Nivison & Co., 25 Austin Friars, London EC2N 2JB
Orion Royal Bank Limited, 1 London Wall, London EC2Y 2JX

Malayan Banking Berhad

US $60,000,000

Negotiable Floating Rate Dollar Certificates of Deposit due 1987 Tranche A

In accordance with the provisions of the Certificates, notice is hereby given that the rate of interest for the period from 19th June 1986 to 19th September 1986 has been established at 7$\frac{3}{16}$ per cent per annum.

The interest payment date will be 19th September 1986. Payment which will amount to US $4,592.01 per Certificate, will be made against the relative Certificate.

Agent Bank
Bank of America International Limited

U.S. $20,000,000

Floating Rate Subordinated Bearer Participation Certificates 1990

issued by The Law Debenture Intermediary Corporation Limited evidencing entitlement to payment of principal and interest on an advance made to

Den norske Creditbank (Luxembourg) S.A.

repayment of which is guaranteed on a subordinated basis by

Den norske Creditbank

DnC

Interest Rate	7¼% per annum
Interest Period	19th June 1986 19th September 1986
Interest Amount per U.S. $1,000 Certificate due 19th September 1986	U.S. $18.53

Credit Suisse First Boston Limited
Agent Bank

Weekly net asset value

Tokyo Pacific Holdings (Seaboard) N.V.

ON 16th JUNE, 1986 U.S. $ 136.65

Listed on the Amsterdam Stock Exchange

Information: Pierson, Heldring & Pierson N.V., Herengracht 214, 1016 BS Amsterdam.

AIBD BOND INDICES

WEEKLY EUROBOND GUIDE JUNE 13

	Redemption Yield	Change on Week %	12 Months High	12 Months Low
US Dollar	9.571	−1.509	10.850	9.094
Australian Dollar	13.200	0.617	14.630	12.600
Canadian Dollar	10.775	−0.407	11.850	10.469
Euroguilder	6.181	0.113	7.050	5.971
Euro Currency Unit	8.589	0.035	9.660	8.164
Yen	6.501	−1.887	7.250	6.307
Sterling	10.056	0.630	11.932	9.751
Deutschemark	6.640	−0.195	7.260	6.418

Bank J. Vontobel & Co Ltd, Zurich - Telex: 812744 JVZ CH

All these securities have been sold. This announcement appears as a matter of record only.

AB Electrolux

(Incorporated in the Kingdom of Sweden with limited liability)

International offering of 8,000,000 Free B shares
to raise
U.S. $300,000,000 equivalent

Co-ordinated by

Enskilda Securities
Skandinaviska Enskilda Limited

The management, underwriting and placing of the offering were arranged on a regional basis as follows:

Austria
Creditanstalt-Bankverein

Canada
Wood Gundy Inc.

France
Banque Paribas Capital Markets Limited

Banque Indosuez
Crédit Commercial de France
Crédit Lyonnais
Al Saudi Banque
Banque de Neuflize, Schlumberger, Mallet
Banque Louis-Dreyfus
Lazard Frères et Cie
Banque Française du Commerce Extérieur
Crédit du Nord
Banque Nationale de Paris
Crédit Industriel et Commercial de Paris
Société Générale
Banque Hervet
Hottinguer et Cie

Italy
(Italian Depository Receipts)
Mediobanca S.p.A.

Banca Commerciale Italiana
SIGE S.p.A.
Credito Italiano
Banca Nazionale del Lavoro
Banco di Roma
Credipar S.p.A.

Japan and the Far East
Singapore Nomura Merchant Banking Limited

Kokusai Europe Limited
The Nikko Securities Co., (Europe) Ltd.

Netherlands
EBC Amro Bank Limited

Algemene Bank Nederland N.V.
Nederlandsche Middenstandsbank nv
Pierson, Heldring & Pierson N.V.

Nordic countries (excluding Sweden)
Enskilda Securities
Skandinaviska Enskilda Limited

South and Central America
Merrill Lynch Capital Markets

Switzerland and Liechtenstein
Swiss Bank Corporation International Limited

Credit Suisse First Boston Limited
Union Bank of Switzerland (Securities) Limited

Banca del Gottardo
Compagnie de Banque et d'Investissements, CBI
Lombard, Odier International Underwriters S.A.
Banca della Svizzera Italiana
HandelsBank N.W. (Overseas) Ltd.
Pictet International Ltd.
Bank Julius Baer & Co. Ltd.
Leu Securities Ltd.
Swiss Volksbank

Bank Gutzwiller, Kurz, Bungener (Overseas) Limited
Banque Paribas (Suisse) S.A.
Sarasin International Securities Limited
Swiss Cantonalbanks
Bank Heusser & Cie AG
United Overseas Bank
Bordier & Cie
Ferrier Lullin & Cie. S.A.
Hentsch & Cie
Rothschild Bank AG
Verwaltungs- und PrivatBank Aktiengesellschaft

United Kingdom
Enskilda Securities
Skandinaviska Enskilda Limited

Cazenove & Co.

West Germany
Deutsche Bank
Aktiengesellschaft

Berliner Handels- und Frankfurter Bank
DG Bank Deutsche Genossenschaftsbank
Commerzbank Aktiengesellschaft
Dresdner Bank Aktiengesellschaft
Deutsche Girozentrale-Deutsche Kommunalbank-
Westdeutsche Landesbank Girozentrale

Baden-Württembergische Bank Aktiengesellschaft
Berliner Bank Aktiengesellschaft
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Sal. Oppenheim jr. & Cie.
Bank für Gemeinwirtschaft Aktiengesellschaft
Georg Hauck & Sohn Bankiers KGaA
B. Metzler seel. Sohn & Co.
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M.M. Warburg-Brinckmann, Wirtz & Co.
Joh. Berenberg, Gossler & Co.
Hessische Landesbank – Girozentrale –
Norddeutsche Landesbank Girozentrale
Vereins- und Westbank Aktiengesellschaft

Other countries

Australia: **Cazenove Australia Pty. Limited**

Belgium & Luxembourg: **Enskilda Securities**
Skandinaviska Enskilda Limited

[illegible] and the Middle East: **Merrill Lynch Capital Markets, Arab Banking Corporation (ABC), Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)**

Spain: **S.I. Activos Financieros, S.A.**

June, 1986

C.I.R. International S.A.

NOTICE TO THE HOLDERS OF
ECU 85,000,000
Guaranteed 4⅞% Convertible Bonds
Due 1995
("the Bonds")

Unconditionally guaranteed by and convertible into non-convertible Savings Shares of

Compagnie Industriali Riunite S.p.A.
("the Guarantor")

The Board of Directors of the Guarantor will submit to the Shareholders' Meeting to be held on 18th July, 1986 (or, in case of adjournment, on 23rd July, 1986), the following proposals:

a) issue to C Shareholders of shares free of payment by way of capitalisation of reserves in the ratio of one new C share for each three C shares subscribed on or before 9th July, 1986;

b) issue of C shares to be offered to C Shareholders in the ratio of one new C share for each two C shares subscribed on or before 9th July, 1986, at a price which will be determined by the Shareholders' Meeting between a minimum of *Lire 4,650* and a maximum of *Lire 5,150* (including Lire 150 as reimbursement of expenses and dividend adjustment). This issue shall be subject to approval by the Italian Government Authorities. The new shares will be entitled to dividends as from 1st January, 1986.

Bondholders who wish to participate in these issues must exercise their rights of redemption and subscription no later than 9th July, 1986. The current Subscription Price is Lire 3,930. To this effect notices of redemption and subscription by the Bondholders will have to be delivered to (and payments, if any, due in connection therewith under Condition 8 of the Bonds will have to be received by) the Principal Conversion Agent in Luxembourg on or before 8th July, 1986 (the "Record Date").

Bondholders' rights of redemption and subscription will be suspended with effect from the Record Date, pending publication of a further notice. If the proposals are approved, the current Subscription Price will continue to apply until the C Shares are traded "ex rights" when the Subscription Price will become subject to adjustment and the right of redemption and subscription will again be suspended pending the calculation of such adjustment. It should be noticed that C Shares issued as at a Subscription Date subsequent to 9th July, 1986, might not be traded on the Stock Exchange until C shares generally are traded "ex" the rights relevant to the above-mentioned issues.

19th June, 1986

Standard Chartered

Standard Chartered PLC
(Incorporated with limited liability in England)

£300,000,000
Undated Primary Capital Floating Rate Notes of which £150,000,000 comprises the Initial Tranche.

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the three months period (92 days) from 18th June to 18th September, 1986, the Notes will carry an Interest Rate of 10 per cent. per annum.

The interest payment date will be 18th September, 1986. Coupon No. 5 will therefore be payable on 18th September, 1986 at £1,260.27 per coupon from Notes of £50,000 nominal and £126.03 per coupon from Notes of £5,000 nominal.

J. Henry Schroder Wagg & Co. Limited
Agent Bank

Financière CSFB N.V.

U.S. $150,000,000
Junior Guaranteed
Undated Floating Rate Notes
Guaranteed on a subordinated basis as to payment of principal and interest by
Financière Crédit Suisse-First Boston

FINANCIERE CSFB

Interest Rate	7⅛% per annum
Interest Period	19th June 1986 19th September 1986
Interest Amount due 19th September 1986	
per U.S.$ 5,000 Note	U.S.$ 91.04
per U.S.$100,000 Note	U.S.$1,820.83

Credit Suisse First Boston Limited
Agent Bank

June 19, 1986

RENFE

Red Nacional de los Ferrocarriles Españoles

SDR 50,000,000

Guaranteed Floating Rate Notes due 1989

Irrevocably and unconditionally Guaranteed by The Kingdom of Spain

In accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period commencing on June 20, 1986 the Notes will bear interest at the rate of $6\frac{13}{16}$% per annum. The Interest payable on the Interest Payment Date, December 22, 1986 against SDR 1,000 nominal will be SDR 35.008681. The US$/SDR rate which will determine the US$ amount payable in respect of Coupon No. 10 will be fixed together with the Interest Rate for the period commencing December 22, 1986, on December 18, 1986.

Fiscal Agent
ORION ROYAL BANK LIMITED
A member of The Royal Bank of Canada Group

BAWAG

BANK FÜR ARBEIT UND WIRTSCHAFT A.G.

(Incorporated with limited liability in Austria)

US$75,000,000 Subordinated Floating Rate Notes due 1999
In accordance with the terms and conditions of the above mentioned Notes notice is hereby given that the Rate of Interest has been fixed at 7¼% per annum and that the interest payable on the relevant Interest Payment Date, December 19, 1986 against Coupon No. 4 in respect of US$10,000 nominal of the Notes, will be US$362-19.

June 19, 1986, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

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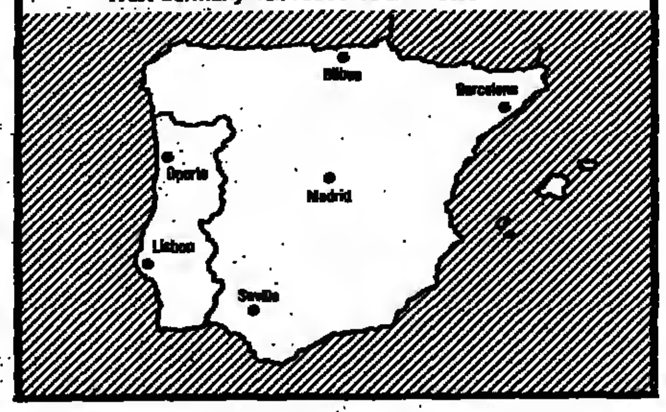

The Republic of Italy

The Republic of Italy
U.S.$500,000,000
Floating Rate Notes due 2000

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 19 June, 1986 to 19 December, 1986 the Notes will carry an interest rate of 6.9375% per annum. The interest payable on the relevant interest payment date, 19 December, 1986 will be US$352.66 per US$10,000 Note and US$8,816.41 per US$250,000 Note.

19 June, 1986 — *Istituto Bancario San Paolo di Torino, London as Agent Bank*

U.S. $200,000,000
J.P. Morgan & Co. Incorporated

Floating Rate Subordinated Capital Notes
Due December 1997

Notice is hereby given that the Rate of Interest has been fixed at 7.05% p.a. and that the interest payable on the relevant Interest Payment Date, September 19, 1986 against Coupon No. 3 in respect of U.S.$10,000 nominal of the Notes will be U.S.$180.17 and in respect of U.S.$250,000 nominal of the Notes will be U.S.$4,504.17.

June 19, 1986, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

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AMERICAN EXPRESS

A$100,000,000

American Express Overseas Credit Corporation N.V.

Zero Coupon Guaranteed Bonds Due 1991

Unconditionally Guaranteed by

American Express Overseas Credit Corporation Limited

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CIBC Limited — Commerzbank Aktiengesellschaft — County Bank Limited
Crédit Lyonnais — Dai-Ichi Kangyo International Limited — Dresdner Bank Aktiengesellschaft
Hambros Bank Limited — Istituto Bancario San Paolo di Torino
Lloyds Merchant Bank Limited — The Nikko Securities Co., (Europe) Ltd.
Nomura International Limited — Orion Royal Bank Limited
Sumitomo Trust International Limited — Svenska Handelsbanken Group
Swiss Bank Corporation International Limited

April, 1986

REPUBLIC NEW YORK CORPORATION
US$150,000,000
Floating Rate Subordinated Capital Notes due 2009

Notice is hereby given that in respect of the Interest Period from June 19 to September 19, 1986 the Notes will carry an *interest rate of 7⅛% per annum.* The coupon amount payable on September 19, 1986 will be US$183.68 per US$10,000 Note.

June 19, 1986
The Chase Manhattan Bank, N.A.
London, Agent Bank

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NOTICE
To All Holders of

The Limited, Inc.'s
6¾% Convertible Subordinated Bonds due August 15, 2000

On May 19, 1986, The Limited, Inc. (the "Company") declared a three for two stock split-up to be effected by a stock dividend of one share for each two shares held of record as of the close of business on June 6, 1986; and payable on June 24, 1986. *Consequently, the conversion price* for the Company's 6¾% Convertible Subordinated Bonds due August 15, 2000 will be reduced as of the close of business on June 6, 1986 to $21.333333 per share of the Company's Common Stock.

The Limited, Inc.

Dated: June 13, 1986

IRELAND
U.S.$500,000,000
Floating Rate Notes due 1990

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the next six months 19th June, 1986 to 19th December, 1986 has been fixed at $7\frac{5}{16}$ per cent per annum. The Coupon Amount payable on Coupon No. 12 will be US$3,717.19.

THE SUMITOMO BANK, LIMITED
Reference Agent

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FINANCIAL TIMES
Europe's Business Newspaper

$500m issues despite dip in dollar Eurobond prices

BY CLARE PEARSON

PRICES OF dollar Eurobonds eased yesterday along with New York, discouraging new issue ectivity for mucb of the day. Nevertheless, three borrowers managed to launch $500m worth of debt in the dollar sector.

S. G. Worburg led GTE's $100m bond with Union Bank of Switzerland as co-lead. It was issued early in the day, before the market turned down with New York after revised gross national product figures showed 2.9 per cent first-quarter growth. GTE's 8 per cent three-year bond was priced et 101 to yietd at the outsat 88 basis points over US Treasury bonds.

Some dealers have reported strong demand for short-dated Eurobonds, which attract ievestors narvoua of interest rate riaes, but GTE's offering was caught in the market downturn. At the end of the day it was qnoted at discounts to issue price outsida its 1⅞ per cent fees.

Credit Suisse First Boston launched two deals Iste in the day. The first was for Aetna Life, the US insurance company, at the other end of the maturity spectrum from GTE's bond. The $200m 7¾ per cent bond matures in 30 years. The issne is puttable in 1993 at par, ond callable in 2001 at 106. The second, for General Motors Acceptance (GMAC), was a $200m eight-year deol with an 8 per cent coupon and priced at 100½.

Both issues came too lete in the day to trade actively.

Io the D-Mark sector there waa vigorons new issue activity. Dealers say the sector has rallied this week following the result of tha Lower Saxony elections last Sunday, whicb gave a narrow majority to the Christian Democratic party. The sector bas also been buoyed up by New York's recent firmness, and seemed impervious to yesterday's downturn.

Commerzbank launched a DM 100m deal for Sparekassen Bikuben, the Danish savings bank. The DM 100m six-year bond bore a coupon of 6¼ per cent and was priced at par. Meanwhile, Deutsche Bank launched a DM 100m five-year bond for McDermott, the US oil drilling company. The coupon was also set at 6¼, though issue price was 99¾. Both deals were quotod ot a discount to issue price on the bid side of 1¾, within their total fees.

CSFB-Effectenbank launched warrants on their own exercisable into a 6¾ per cent bond due 1996 over the next three years. There are 250,000 warrants to buy up to DM 250m bonds. They are offered via subscription without an underwriting group and without a set offering price. They were quoted at DM 40 each yesterday.

Orion Royal Bank launched a A$75m issue, with o further A$100m on tap, for Commonwealth Bank of Australia. The four-year deal has a coupon of 12¾ per cent and price of 101⅝. It ia fully fuogible with an outstanding A$125m bond for the borrower.

McCleod Young Weir issued a C$50m five-year 10 per cent bond for Canada Trustco. Priced at 101½. its terms compared favourably with Tuesday's issue for Royal Trustco.

The Swiss franc market saw mixed trading. A SFr 80m 10-year 5 per cent deal for United Breweries traded for the first time at 98¾, versus a par issue price. Bacon della Svizzera Italiana priced an issue for Bank of Greece, the first Swiss franc issue for a Greek borrower, with a coupon of 5⅝ per cent, as against an indicated 5¼ per cent. The price was set at 99½.

Banque Paribas launched a FFr 600m 7¾ per cent 10-year bond for Nordic Investment Bank. The deal is callable after seven years at 101½, and then at declining premiums.

Unlike many recent new bonds in the dollar sector, a five-year deal for retailer Hudson'a Bay traded yesterday at around Its par issue price. The $60m deal has increased to $75m. Since its coupon is aet at 10 per cent, it yeilds around 250 basis points over US Treasury bonds.

Most of the issue was preplaced by lead-manager Morgan Stanley with banks, for wbom sucb a high-yielding instrument can be used as a banking asset, and with other financial institutions. Morgan Stanley also reported demand form individual investors in Switerland.

Hudson's Bay is rated donble-B in Canada. The company is regarded as an improving credit risk after reporting large losses in 1984.

Benetton in L160m debut

BY OUR EUROMARKETS CORRESPONDENT

BENETTON, THE Italian clothing company currently planning to open 800 more shops, yesterday came to the international capital markets, as well as the Milan and Venice stock markets, with a debut L160.68bn ($100m) equity offering.

Tbe Benetton family, which owna all the shares is offering 11 per cent—15.6m shares-

Around 11m shares will be listed in Milan and Venice and 4.48m will be sold in the Euromarkets, out of which a small number bave been tsid aside for Benetton's European agents. The European tranche will raise L48.20bn ($30m).

The Euromarket tranche is led by Morgan Stanley with Credit Suisse First Boston

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on June 18

US DOLLAR STRAIGHTS

[illegible]

Average price changes on day +0⅛ on week +2

DEUTSCHE MARK STRAIGHTS

[illegible]

SWISS FRANC STRAIGHTS

[illegible]

YEN STRAIGHTS

[illegible]

OTHER STRAIGHTS

[illegible]

FLOATING RATE NOTES

[illegible]

CONVERTIBLE BONDS

[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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Peter Montagnon on the banks' search for new ways of lending to developing countries

Debt crisis revives switch to equity idea

SCHEMES for converting bank loans into equity have been given a new impetus by realisation that the developing country debt crisis is going to be a long drawn-out affair and the fresh problems engulfing Mexico.

"There are now a number of banks, which previously were taking a hard line, that say turning debt into equity may produce a quicker return," says Mr David Gill, a senior official of the World Bank's International Finance Corporation affiliate.

The idea of converting debt into equity is not new but it has been lent a fresh respectability by the so-called Baker plan for easing the debt crisis whicb concentrates on market-orientated solutions to the problem.

Theoretically it is attractive because it reduces the overbang of debt on wbich interest must be paid. Equity produces a dividend only when a company is performing well. Translated to a country's economic position, it means that an outflow of returns to lenders or investors occurs only when the resources are being created to finance it. For lenders wbo convert debt into equity there is also some prospect of capital gain that would allow them to recover their money at a profit.

Enthusiasm for this type of approach has also been growing since Chile demonstrated that its own scheme for converting debt into equity bad produced investments of some $600m, reducing its debt overhang by a similar amount. Yet as banks look closer at the possibilities they are also discovering all sorts of practical problems.

The upsbot may be that, despite the latest debate, debt/equity swaps will play only a marginal role as o solution to the debt problem. However bankers do not discount the psychological importance of using it to mobilise investment inflows. This mobilisation could boost confidence, and prompt the return of flight capital from abroad.

There are basically two ways of converting debt into equity. In the first instance a bank can simply agree to do this and continue to bold the assets on its own books. Some banks want to buy local financial institutions in countries where they have had to reschedule debt. They can cancel some of this debt in return for a stake in the bank they want to buy.

More common, is a system wbereby the lending bank sells its debt at a discount to an industrial or commercial company which is planning an investment in the country concerned. That company may be able to bave the debt redeemed in local currency at Its full face value and use the proceeds to finance its investment at low cost to itself.

One problem is that many countries still have strict barriers to inward foreign investment. In Mexico, for example, it is impossible for foreigners to buy banks wbich are majority state-owned. Tbat excludes the first route of a direct debt/equity swap for the lending bank. Some Mexican public aector companies are being sold off, but by and large they are in industrial sectora wbich do not interest banks.

Mexico has, howaver, recently begun to adopt o more liberal approach on e case-by-case basis to foreign investment in industry. This has enabled Citicorp to arrange a debt/equity swap worth some $50m to finance expansion there by Nissan, the Japanese car manufacturer. Under its latest scheme Mexico will allow only tha Govarnmant debt to be used for sucb purposes, redeeming It in local currency at the free exchange rote for the peso at a dlscount of np to 15 per cent depending on the type of investment being contemplated.

NET FOREIGN FUNDING BY DEVELOPING COUNTRIES	1981	1982	1983	1984	1985
Direct investment	13.5	12.0	9.1	8.6	9.2
Other non-debt*	14.3	12.8	13.1	13.5	15.2
Official loans	25.1	25.7	26.7	25.8	26.2
Market borrowing	81.0	45.8	19.7	13.5	10.8
Total	133.9	96.3	68.3	61.4	61.4

* Official transfers,SDR allocations and valuation adjustments.
($bn: source International Finance Corporation)

For lenders there are other problems to consider. The greatest is that wbich has already dampaned leterest in the market for swapping Latin American loan assets. The bankers worry thst if they sell part of tbeir loans to a diven country at a discount specifically to arrange a debt/equity swap, they will be expected to write down their entire loan portfolio by the same discount.

For US banks which face the toughest accounting and regulatory rules, thia is a real drawback. But in other countries the attitude of bank regulators is also a worry. In the UK, for example, a bank whicb acquires an equity stake ie s business has to back it up fully with its own cspital.

Tbeoretically the acope for developing countries to engineer a shift away from debt and towards equity finance is very large. According to a recent study by American Express Bank flows of $22bn would do no more than maintain ieward direct investment at the same level it reached in 1975. This is almost twice the International Monctary Fund's expectalion for this year of $11.7bo.

Thst sort of total would depend not only on a greater willingness among debtor countries to accommodate investment inflows, but also the right economic climate and confidence is still lacking. Moreover, even in the most propitious circumstaoces there remains some doubt as to whetber dobtor countries would want to concentrste too much on specisl schemes for exchanging bank debt into equity. Mr John Calverley, an American Express Bank economist, points out that countries would have mixed feelings about such schemes if they were simply going to absorb an inflow that would have happened anyway.

The reality is much more hsrsh, says another banker. Because of the regulatory problems involved, banks would have to be subjected to a much larger shock over debtors than seen so far. Only if a major borrower, such as Mexico, actually interrupted its normal flow of interest payments would they contemplate debt/equity swaps on any really significant scale; and that would be because there was nothing left to lose.

Colombia plans Y8bn placement

By Peter Montagnon, Euromarkets Correspondent

COLOMBIA plans te return tn the international bond markets this year, marking a further stage in its financial rehabilitatien from the debt crisis which started in 1982, Mr Mauricio Cabrera, director of public credit, said in London yesterday.

A planned private placement of around Y8bn to be launched through Industrial Bank of Japan in Tokyo next month, would be only the second bond issue by a Latin American country since the debt crisis developed. Last year Pemex, Mexico's state oil monopoly launched a similar Y5bn issue.

Bnoyed by high coffee prices and net exports of coal and oil, Colombia is seeking tn normalise its international financial relations. "We think we are on the way back to voluntary borrowing," Mr Cabrera said.

'We think we are on way back to voluntary borrowing'

The Japanese placement could be followed by a small floating-rate note issue in the Eurodellar market, be said. Meanwhile Colombia is finalising syndication through Samuel Montague of a $50m, 6½ year credit to top up finance fer the 500 megawatt Betenia hydroelectric power project on the Magdalena river.

Colombia is one of only two Latin American ceuntries—the other being Paraguay—which have not had to reschedule their foreign debt. But as credit dried np in the wake of the debt crisis it had last year to resort te a concerted effort by its leading bank creditors te raise a $1bn jumbo Euroeredit.

Improved trade

Mr Cabrera, in London for discussiens on the Betenia loan which bears interest at a margin of 1½ per cent over London interbank offered rates for Eurodollars, said that Colombia's improved trade performance had allowed its reserves to increase though no drawings have yet been made on the jumbo credit.

A first tranche of $550m will be drawn at the end of this month after legal and administrative obstacles have been overcome, he said. It will be np to the new government of President-elect Mr Virgilio Barco to decide whether to draw the remaining $450m or to keep it in the form of a standby credit. Mr Barco takes office en August 6.

Specific projects

Mr Cabrera said that Colombia no longer needed to borrow for balance of payments reasons but wanted to maintain a presence in the international capital markets to finance specific projects. This year it is expecting e balance of payments surplus of some $900m.

The country's reserves are growing steadily, having increased by around $230m to to $2.25hn in the first four months ef this year. By the end of 1986 they are expected to heve reached some $3bn.

Lyons seeks to broaden interest in unlisted market

BY DAVID HOUSEGO

LYONS, France's second largest city, yesterday sought to geeerate Swiss interest in its fast-growing bourse by presenting companies quoted on its unlisted securities market, to Swiss institutions In Geneva.

It la the first time that the Lyous Bourse has attempted to attract foreign funds by making a presentation outside the country. At present about 15 per cent of shares listed on the bourse are beld by foreigners. The meeting also attracted British bankers and fund managers wbo flew from London.

The presentation was a step towards broadening the international character of the Lyons market, said the organisers, Societe Lyonnaise de Banque, the French regional bank based In Lyons.

Mr Jean Carriere, chairman of Lyonnaise de Banque, said that his bank would like to link np with Swiss institutions to make joint introductlons on the Lyons and Geneva bourses. Geeeva is expected to open an unlisted securities market next year.

The link-up with Geneva is seen by Lyonnaise as part of the development of o European region

The Lyons USM has had an explosive growth over the last few years. It now accounts for more than half the FFr 26bn ($3.64bn) market capitalisation of the companies quoted on the Lyons Bourse. On the Paris Stock Exchange, bowever, ahare prices have fallen by 10-15 per cent since reaching a peak in May.

Fund allows cross-border share buying by Swedes

BY OUR FINANCIAL STAFF

SWEDISH resideots will shortly be able to buy shsres in otber Scandinavian countries following central bank approval for a new equity fund being launched by Skandinsviska Enskllda Banken.

The fund—SBP Skaedinavisk Aktiefoed—is beIng formed in conjunctlon with tbree otber Nordlc banks, Bergen Bank of Norway, Privatbanken of Denmark and Union Bank of Finland.

The officlal green llgbt for the fund, which goes on sale in August, marks an inltlal step in Sweden's cautious movement towards liberallsing its tough forelgn exchange regulatlons.

Swedes are still forblddee to buy foreign equlties, unless they use so-called "switcb currency," a special limited pool of funds that sllows them to buy forelgn stocks at s premium.

However, tbls premium has all but dissppeared following a recent Government ststement that ownership of foreign stocks could possibly be allowed before the eod of tbe year.

Se-Banken, whicb is Sweden's largest commercial bank, said Swedish citizens will be allowed to buy non-Swedish Scandinavian equlties througb the fund up to a totsl of SKr 120m. But the fund may ooly buy as many non-Swedlsh shares as It sells shsres outside Sweden.

Stock in the new fund, which will be managed by Se-Banken subsidiary Aktiv Placering, will go on sale in the final week of August.

NEW ISSUE These Bonds having been sold, this announcement appears as a matter of record only. JUNE 1986

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You don't need to run fast to pick winners

BY MICHAEL DIXON

WOULD you trust the recruitment of your organisation's managers to someone who was not much good at management? The question is a hot one et the moment particularly in the United States where a study of executive-search consultants has just been published by management writer John Byrne.*

He finds that, however successful US headhunters may be at selecting good managers for client employers, they are generally short on management ability themselves. For example, they are often bad at running their own businesses.

To judge by my spot checks with 11 people over the past two days, Mr Byrne's claim looks likely to be unfortunate for the search consultants in question. When I asked whether good manegement ebility was an essential qualification for the task of recruiting managers, eight of the 11 immediately replied that it was.

After a couple of minutes' discussion, however, the eight all agreed that their instinctive answer had been wrong. It is surely proved wrong by the observed fsct thst beadhunters do find effective managers for other people, even though they may be poor et management themselves.

The same principle — that you don't need to be one to pick one — applies in many other fields. Take horseracing for instance. Many of the punters who are successful at backing winners could never stay in the saddle round the Grand National course, let alone go down on all fonrs and gallop in among the leaders.

Which may hava something to do with snother of John Byrne's comments. If search consultants were not hunting humen heads, he says, "they would find a career in horse-trading just as chellenging."

* *The Headhunters. Macmillan. US$19.95.*

Perk's value

CARS, as the Jobs column learned painfully years ago, are machines for keaping you poor—if you happen to be a privete owner, that is. One scarcely needs to look any farther for an explanetion of the widespread provision of company cars in Britain as a perk for higher-ranking staff.

Tha large-scale pay survey published by the British Institute of Management earlier this year showed that "at least one car" was enjoyed by 98 per cent of chief exectives, 99 per cent of other directors, and 96 per cent of managers immediately below hoerd-level. Moreover 65 per cent of the chiefs, 64 of the suhordinate directors end 54 per cent of the other top managers were allowed free petrol as well.

The eccompanying tahle, kindly supplied by PA Personnel Services, shows PA's latest estimates of the value to British managers of company cars. The figures I give are merely estimates and so are at best tenuous.

They elso represent only e tiny sample of the information ohtainable from PA's continually updated survey of fringe henefits. Readers wishing to know more should contact Sheile Smith, the consultancy's pay research manager at 60a Knightshridge, London SW1X 7LE; telephone 01-235 6060.

The top half of the table starts with various retail-price ranges for cars. Next comes the estimated worth to the private individual of cars in the various ranges when the user is allowed no fuel for non-business motoring, although the employer provides the vehicle and meets othar running costs. The third column shows the valuetion when the company also funds petrol for up to 8,000 miles of private travel a year including journeys to and from work. The right-hand column refers to executives whose employer covers all the car'e costs.

WHAT PRIVATE USE OF A COMPANY CAR IS WORTH

Approximate retail price of car	Estimated annual value of car to employee when: No non-business petrol is paid £	Petrol is paid to 8,000 m.p.a. £	All petrol and costs are paid £
Up to £7,000	2,650	3,050	3,400
£7,001-£8,500	2,950	3,400	3,750
£8,501-£11,000	3,800	4,350	4,750
£11,001-£13,500	5,250	5,900	6,450
£13,501-£16,000	5,750	6,400	6,950
£16,001-£20,000	7,050	7,800	8,450
More than £20,000	8,750	9,700	10,500

HOW FREQUENTLY EXECUTIVES' CARS ARE REPLACED

Time same vehicle is retained	Chief executives %	Other directors %	Other top managers %
One year or less	4	4	3
Two years	13	13	16
Three years	49	45	43
Four years	23	32	32
Five years	3	2	2
More than five years	3	0	0
Period varies	5	4	4

The table's lower half gives the percentages respectively of car-enjoying chiefs, subordinate directors, and other top managers who are supplied with new models at various intervals.

For those with cars priced up to £20,000 end receiving free fuel for non-business use, the drop in oil prices has resulted in a small reduction of the perk's private worth since last year. Subordinate directors and "other top managers" also seem to he hanging on to their cars slightly longer. In each case, the proportion keaping the same model for at least four years has risen from 36 per cent to 38.

Treasury

RECRUITER James Fisher seeks a treasury consultant, demonstrably successful in the work on an international scale, for the City of London branch of a small investment bank headquartered in North America.

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Inquiries to Fisher Dillistone and Associates, 25 Berkeley Square, London W1X 5HB; tel: 01-493 8910, telex 28159 Fisdil G.

Accountant

A QUALIFIED accountant able to use a Honeywell mainframe computer to produce an effective management information system spanning several countries is wanted by headhunter Anthony Nevile. The employer is e group in fast-moving consumer-goods. Base is west London.

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THE NEW London-based operation of e US reinsurance group is seeking a deputy underwriter through Trevor James, chairman of Insurance Personnel Selection (6 Lloyds Avenue, London EC3N 8ES; Tel 01-481 8111). Candidates should hava first-hand experience of all kinds of facultative and treaty business, and an established reputation in the London market.

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Our client is a highly reputable Arab bank. They currently seek an experienced deposit dealer to join the existing team. Experience of both US$ and currency deposits is required and applicants must be able to demonstrate a sound track record with high quality names. Previous Middle East experience is desirable but not mandatory.
Tax free US$ salary is negotiable.

Roger Parker Organisation
65, London Wall
London EC2 5TU.
01-588 2580 Telex 8811725 CITLONG.

FX, TREASURY AND CAPITAL MARKETS RECRUITMENT SPECIALISTS

POSITION AVAILABLE IN

FINANCIAL FUTURES INDUSTRY

Fiamass Ltd is a specialised broker in financial futures and options. We are starting a training course to teach clients our computerised trading system and we need an individual to administer the educational programme and learn our computerised trading system. A knowledge of financial futures would be helpfal. Also, a background in corporate training or education would be preferred.

Contact:

Mr James Hamilton
FIAMASS LTD
Tel: 01-638 9731

Senior Computer Auditor-Data Security Officer

International Bank
City
up to £31,000 package

A major international bank, our client, through consistant growth and the introduction of proven EDP capabilities, has now reached the stage where the appointment of a Senior Computer Auditor is considered essential.

Reporting to a member of the Board on security matters, the Senior Computer Auditor will be responsible for maintaining and improving the internal controls relating to the computerised facilities. Additional responsibilities will include the implementation of proper data security controls, the review of the controls and evaluating the "value for money" aspects of the Bank's intended software and hardware investments. The post holder will have a broad remit to assess all systems and ensure compliance with corporate and local policies.

Candidates, ideally aged late thirties to early forties, should have a thorough understanding of all major aspects of data processing, preferably having a data processing background. We would also expect the successful applicant to have had several years' experience either running or acting as number two in an EDP internal audit function of a banking or similar financial environment.

Although not essential, knowledge of foreign languages would be an added bonus as would a degree and membership of the Institute of Internal Auditors.

At a personal level, candidates must be able to demonstrate a mature and balanced sense of judgement, have well developed communication skills, be able to influence and persuade others and be prepared to work without close supervision.

The remuneration package will include a high basic salary, inner London allowance, pension, life assurance, subsidised mortgage and low cost loans.

Please write, in confidence, enclosing a full CV, including current salary details quoting reference MCS/1010 to
Michael D Madgwick
Executive Selection Division
Price Waterhouse
Management Consultants
No.1 London Bridge
London SE1 9QL

Price Waterhouse

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treasury consultancy - defined

position, *poz-ish-un, n.* Coopers & Lybrand Associates, the leading firm of financial and management consultants in the U.K., requires a professional to bring specialist expertise to the challenge of effective treasury management — to improve our clients' performance and profitability.

part, *par't, n.* a wide ranging role, possibly being called upon to assist with establishing a treasury department, assess the profitability of different treasury functions, carry out financial strategy reviews, advise on foreign exchange management or cash mobilisation, design and implement treasury information systems for an international group or advise a client on asset liability policy.

professional, *pro-fesh-on-al, adj.* someone business minded and efficient to help senior executives in the U.K. and Europe to review and assess their treasury organisation, operations, information and systems needs in a fast emerging area.

past, *past, n.* a qualified Treasurer, one who up to now has been a **past master** at running the treasury operations of a medium-sized organisation or number two in a large company.

preferably, *pri-fur-ab-lee, adv.* a member of the Association of Corporate Treasurers.

probably, *prob-ab-lee, adv.* a qualified accountant with pizzazz.

personality, *purs-on-a-leetee, n.* outgoing and confident — good communications skills are vital in a job where you will be dealing with most levels of senior management.

pearl, *purl, n.* a rare find: an invaluable asset to Coopers & Lybrand Associates.

pay, *pa, n.* not a problem for the right candidate.

post, *post, v.* send a full C.V. with daytime telephone number to David Paige, ref F01/30, Coopers & Lybrand Associates, Plumtree Court, London EC4A 4HT, before you are **pipped at the post.**

Coopers & Lybrand

Opportunities in Japan - for experts in securities business

As one of Germany's leading banks, we are represented all over the world. For our securities business in Japan we have vacancies for experts in the following fields:
- Euromarket bond + Equity Sales Specialist
- Accounting/Reporting Clerk (with experience in international operations) (Kokusai gyomu)
- Settlement Clerk (for international securities operations)
- Underwriting Specialist

We are looking for (male or female) Japanese nationals with a minimum working experience of 3 years in the specified fields.

If you are interested in one of those vacancies, please send your resume in English and/or Japanese to CHL-Personalberatung, Liebrecht & Bauer GmbH, Postfach 17 04 21, D-6000 Frankfurt 1 — West Germany. Confidentiality guaranteed.

CHL
LIEBRECHT PERSONAL BERATUNG

THE BANKER

EDITORIAL STAFF VACANCY

THE BANKER has a vacancy on its editorial staff. Applications are invited from journalists and people with experience of banking and finance who wish to pursue a career in financial journalism or see a period on THE BANKER as a useful part of their career development.
An ability to write clearly and handle figures is essential. Only those with a good degree or professional qualification should apply.
Applications should be sent to:

The Editor
THE BANKER
102-108 Clerkenwell Road
London EC1M 5SA

Appointments Wanted

AUSTRALIA

Mature lady with solid business background and extensive knowledge of Australia, emigrating to Sydney in early July, seeks executive employment or business venture in Sydney
Capital available

Write Box A0175, Financial Times 10 Cannon St, London EC4P 4BY Telephone: 01-959 5307

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Recruitment Professional

Age: 24-32

Salary: to £18,000 + Bonus + Mortgage

THE COMPANY: One of the biggest names in the industry, taking pride in leading the field and determined to maiotain its position by cootinuing to hire the very best.

THE POSITION: To play a vital role in coordinating and controlling all recruitment activities and related personnel matters within a major section of the London operation involving recruitment at all levels up to and including Managerial together with the development and implementation of employment policies.

THE CANDIDATE: Should be a Graduate with experience of recruitment within, or for, the Banking, Securities or Trading areas. The successful candidate will have outstanding interpersooal and analytical skills, functioning well within a team environment and be assertive and influential io dealing at all levels.

PROSPECTS: Excellent – this is a high pressure, high profile role within an organisation dedicated to the recognition and reward of achievement.

Please contact SUSAN FIRTH in strictest confidence

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Alfred Marks, Britain's foremost recruitment consultants, are looking for a first-rate analyst/statistician.
Aged between 27 and 35, you will be a graduate with commercial experience and good financial understanding. Your main duties will be collecting and analysing both Alfred Marks' and external data for forecasting, strategy and planning purposes and producing and analysing company information for use by the management of the company in day-to-day affairs. You will be dealing with the employment market, competitor activity and our own performance as seen against the backdrop of the economy as a whole.

You will have both good written and spoken communication skills, get on well with people generally and have the ability to work on your own initiative.

Your salary will be negotiable and the benefit package is in line with those offered by successful major companies. If you would like to work for a progressive company that rewards initiative, send your c.v. to:

Victoria Phillpot
ALFRED MARKS
Adia House, 84/86 Regent Street
London W1

ALFRED MARKS
recruitment consultants

Assistant Company Secretary

Financial Services

City **c £17,000**

A major financial futures, options and commodity broking firm, recently acquired by the dynamic Elders group, seeks a qualified person to assist the company secretary during a period of restructuring and subsequent growth.

Your main contribution will be in two areas, advice on current proposed legislation including compliance with City regulatory requirements and in personnel. You will also have some involvement with pensions, insurance and property administration.

You are likely to be a graduate, aged 28 to 34, and must be qualified as a lawyer or chartered secretary. Ideally you have a background in financial services.

An excellent benefits package is offered, which includes a bonus scheme, pension, life assurance and family medical cover.

Please write – in confidence – with cv and current salary details to Robin Fletcher, ref. B.23069.

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HAY-MSL
CHARTERED SECRETARY

Jonathan Wren

MANAGER, CORPORATE FINANCE, BIRMINGHAM

Our client, a major British merchant bank, is expanding the corporate finance team in its Birmingham office. The team is actively involved in flotations, public company takeovers, mergers and acquisitions, and there are excellent opportunities for progress for high calibre staff.

The successful candidate will be a graduate, aged between 26 and 32, professionally qualified as a chartered accountant or solicitor. Previous experience of corporate finance work is essential. Additionally, experience in the area of equity investment appraisal would be an advantage.

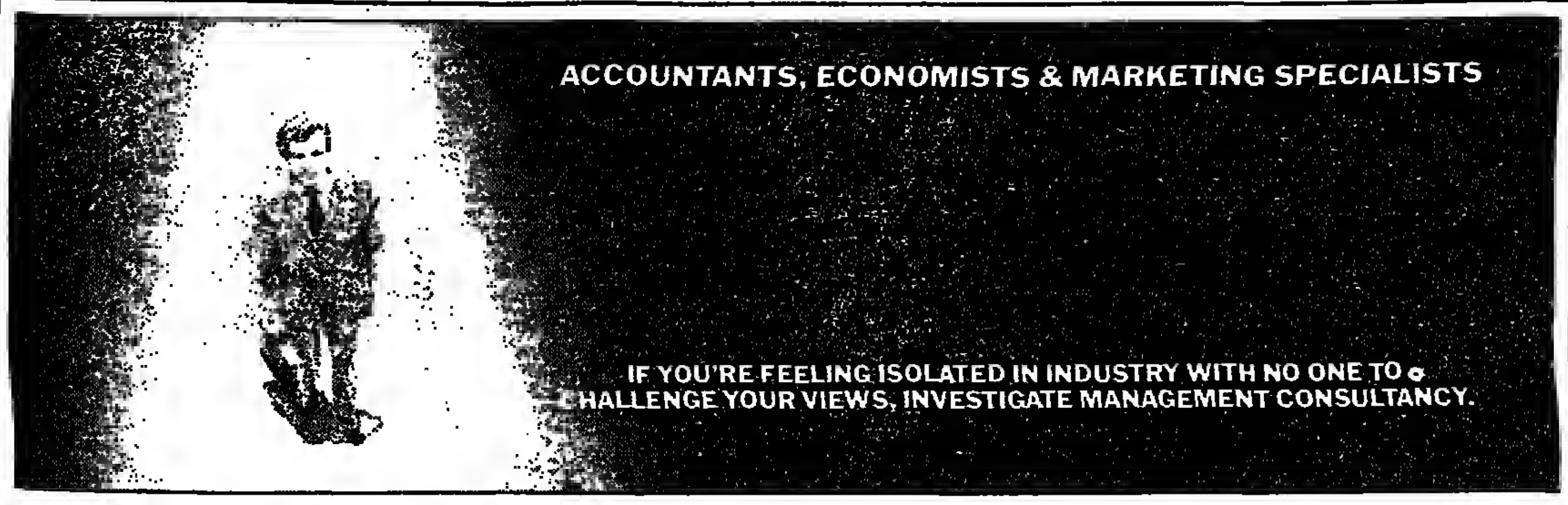
A salary up to £27,500 (depending on experience) is proposed, together with car, subsidised mortgage and other benefits for this significant appointment.

Send a full cv, or ring Mark Forrester, Director, Merchant Banking Division.

All applications will be treated in strict confidence.

SYDNEY — Jonathan Wren — HONG KONG
Recruitment Consultants
170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266

Accountancy Appointments



One of the ironies of climbing to the top of your profession is an awareness of the increasing lack of intellectual challenge. On the upward trail, your career now surveys a plateau with no clear indication of how best to develop your speciality and experience. There is a name to describe this malady. isolation!

If this reflects your current state of mind, you are probably ready to investigate an alternative outlet for your talent; Management Consultancy with Touche Ross.

It is essentially a problem-solving environment. One of constant challenge, change and achievement in finding practical solutions to problems generated by multi-national corporations, financial institutions and a multitude of small businesses. Working in small inter-dependent teams will provide a greater stimulus for your intellect, in an open, informal structure that encourages both self-direction and personal achievement.

Our growth rate creates a continuous need for people with a good first degree and appropriate professional qualification in accountancy, economics, or industrial marketing. An excellent training programme allied to the wealth of knowledge freely available from more experienced colleagues will help ensure your success. Exceptional men and women are progressing to partnership in 3-4 years.

Salaries are negotiable and a car is provided. If you wish to consider joining us in London, Birmingham, Manchester or Glasgow, please write or telephone in absolute confidence, to: Michael Hurton, (Ref 2671) Touche Ross & Co., Hill House, 1 Little New Street, London EC4A 3TR. Tel: 01-353 8011.

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Executive Search and Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Young Analyst
Corporate Finance and Strategy

For a Major Industrial Group
London, to £25,000, Car

The present and proposed expansion of this major British industrial multi-national requires the highest level of corporate strategic planning and this new position reflects that need. The person appointed will join e small department and work directly with the Group's senior management. The rola is very broad, ranging over preparation of the Group strategic plan, investor relations and key corporate financial tasks including acquisitions, disposals and reorganisation of financial structures within the Group, both UK and overseas. Candidates must be qualified accountants or MBA's in their mid/late 20's, whn have had some practical exposure to the tasks described above. Vital personal qualities include a first class intellect and the ability to relate to all levels of management. *H.W. FitzHugh*, Hoggett Bowers plc, *1/2 Hanover Street*, LONDON, *W1R 9WB*. Tel: 01-734 6852. *Ref: 20329/FT.*

Group Management Auditor

City based to £23,000, Car

Our client is a major multi-national financial institution which is establishing an operational audit department. The prime functions will be to review tha Group's operations involving an appraisal of resources relating to objectives together with tha evaluation of computerised financial information, systems, and results.
Reporting directly to the Group Internal Audit Manager, the successful candidate will play e significant role in the development of the department. Audit capability and personality are major selection criteria and it is expected that candidates will be qualified and in their early thirties. Remuneration and employee benefits are first class and comensurate with the standards expected of a leading City company. *I.L. Duff*, Hoggett Bowers plc, *1/2 Hanover Street*, LONDON, *W1R 9WB*, 01-734 6852. *Ref: 18121/FT.*

These postions are open to male or female candidates. Please telephone for a Personal History Form to the relevant office, quoting the appropriate reference.

Finance Director

Leicester c£35,000 + car + substantial benefits

We are acting for a progressive £95 million turnover investment group, encompassing some 25 companies, whose trading interests are principally manufacturing biased. They are now embarking on a substantial development programme and wish to appoint a Finance Director to co-ordinate and control the project from inception.
The position reports to the Group Managing Director and involves close contact with Board members and Directors at operational level. Candidates will be FCA/ACMA's, aged mid to late 30's who can demonstrate strong management reporting skills, particularly in rationalising group information and systems. Experience of computerised accounting in the manufacturing sector is therefore important.
The remuneration package will not be a limiting factor for this high profile appointment and will include a profit related bonus. Relocation assistance will be provided where appropriate.
Interested applicants should write to Andrew Sales FCCA, Executive Division, enclosing a comprehensive c.v., quoting ref. 320 at 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney
A member of the Addison Page PLC group

Exceptional Opportunity in a High Growth Company

Financial Controller

to £30,000 inc bonus + car + relocation Essex

Our clients are world leaders in the design and manufacture of highly sophisticated electronic equipment with a global reputation for excellence. The company has a rapidly growing turnover of c. £50 million pa and is an autonomous subsidiary of a major US international.

They seek e Financial Controller to play a full and active part in the overall management of the company and contribute to the continuing growth and development of the organisation. Reporting to the Financial Director, you will be responsible for the financial management and control of the company and especially the development of systems (involving a major investment) in a fast moving environment. This will also involve controlling c. 50 staff in the financial and management accounting, budgeting, planning and treasury functions. The successful candidate must be capable of achieving a board position in the medium term.

To be considered you should be a qualified accountant, probably aged 30-40, with line management experience in a substantial company. The ideal candidate will also have experience nf some of the following: manufacturing and/or the electronics industry, systems development, managing a large department and MOD contracting.

Please send your career and current salary details to ***BARRY C SKATES*** *as quickly as possible or telephone him on (0628) 75956 for an informal discussion.*

MKA

MKA SEARCH INTERNATIONAL LIMITED
MKA House
King Street
Maidenhead
Berkshire SL6 1EF

Financial Director Designate

Circa £30,000 pa plus car and other benefits

Suffolk

Our cliant, a world laader in its field and with a £25 million annual turnover, seeks a fully qualified accountant with potential to fill a Board appointment at an early date.
The successful candidate's responsibilities includa heading the finance, Secretarial and systems functions as well as making a positive contribution to the developmant of a market oriented corporate strategy.
The vacancy calls for computerised accounting experience at senior menagement level in an engineering environment; this must include Treasury management and knowledge of export finance.
Applicants are asked to write with a full CV and day time telephona number, quoting reference 1462, to:

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Trevor Austin, Executive Selection Division
Binder Hamlyn Management Consultants
8 St Bride Street, London EC4A 4DA

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Write Box A0185, Financial Times
10 Cannon Street, London EC4P 4BY

Young Accountant

Entertainments Industry

c£18,000 + car

Primarily involved in the management of recording artistes, our client also manages a number of other entertainments related companies, including record and music publishing interests, both in the UK and overseas.

Reporting to and working closely with the General Manager, the Accountant will be responsible for tha full financial and management accounting function. Supervising a small department, he or she will develop computerised systems and will be involved in all aspects of the business. The position requires flexibility and initiative and the ability to manage a variety of projects.

In their mid to late 20s, *applicants should be* recently qualified accountants from the profession or industry. Technical accounting and good inter-personal skills are considered essential.

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/441/AF.

Lloyd Management
125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

Divisional Accountant

Financial Management

EC3 £18,000

A management information role for a newly qualified ACA keen to develop professional expertise within this major international insurance broker.

Reporting directly to the Divisional M. D. you will be responsible for providing financial information encompassing presentation of management accounts to board, liaising with profit centre Directors, recommending improvements to divisional profitability plus preparation of divisional budget.

In addition you must be prepared to develop micro computer systems using Focus.

This is a highly visible role offering excellent promotional prospects.

Ref: 3273

Junior Research Analyst

Stockbroker/Merchant Bank

City £20,000

An opportunity for a Graduate ACA aged mid 20's to join the Portfolio Investment Management Division of this leading financial group.

Reporting to the US Fund Manager, responsibilities will include the management of quoted securities on behalf of clients, scrip and rights issues, collection of dividends, preparation of valuations, periodic reviews plus the reallocation of funds where necessary.

This position is seen as an ideal first move away from the profession for an ambitious person interested in developing their career within the finance sector.

Ref: 3272

For further information about these positions please telephone Richard Green.

Dunlop & Badenoch
Financial Recruitment 60 Mark Lane, London EC3R 7NE. Tel: 01-265 0377

FINANCIAL DIRECTOR

c. £25,000 + CAR

Our client, an expanding regional international airline, wishes to recruit a Financial Director to play a major role in the Company's overall management and direction.

The ideal candidate will be a qualified accountant, with several years' broadly based financial experience gained in a commercial environment.

Previous experience in the airline industry plus handling of financial negotiations with bankers and institutions for aircraft financing, would be a considerable advantage.

Please write in confidence, with full career details and salary history, quoting reference B0391184 to: F. C. Marks, Executive Selection Division:

PEAT MARWICK

Peat, Marwick, Mitchell & Co.,
Kingswood House, Pelham Road, Nottingham, NG5 1AP.

BLUE CHIP CORPORATE FINANCE

C. London £20,000 pkge

This company's tremendous growth, based on timely acquisition, has been widely reported in the press. Their name has become synonomous with success and profitability. As leaders in a highly competitive market-place, they require exceptionally motivated and commercially aware *young accountants*.

You will plan the group's future with specific reference to the following areas:

- Forecasts + business plans for divisions
- In-depth acquisition studies
- Commercial summaries for board
- Review of investment proposals

Ambitious graduate ACA/ACMA/ACCA (aged 24-28) will be encouraged to develop his/her career rapidly towards general management or controllership.

Call JANE EASTON on 01-242 6321 (Ref: 1910).

Personnel Resources 75 Gray's Inn Road London WC1X 8US.

Personnel Resources

Accountancy Appointments

FINANCIAL CONTROLLER

Our client, a substantial U.K. manufacturing group, offers a development opportunity to a high calibre controller. Providing comprehensive support to the Commercial Director, responsibilities encompass group statutory and management accounts, cash management, forecasts, budgets etc. Based at Head Office with responsibility for six staff, the Controller will be directly involved in the development of accounting systems at a major manufacturing site also in Bucks. Suitable candidates, aged 28-40, will be qualified accountants with a proven track record within a manufacturing environment. Ref: JG.

BUCKS. **£22,000+Car**

CORPORATE PLANNING

Due to outstanding growth, our client, a leading Finance House, requires a qualified Chartered Accountant to form part of a newly created Corporate Planning Department. Principal responsibilities will embrace departmental forecasts, short and long term plans, capital appraisal projections and systems development. Additional responsibilities, will include financial modelling on IBM micros in order to prepare special project reports. Candidates will be newly or recently qualified ACA's aged 25-30. Excellent Prospects. Ref: SW.

N. LONDON **To £18,000+Banking Bens.**

ROBERT HALF PERSONNEL, FREEPOST, ROMAN HOUSE, WOOD STREET, LONDON EC2B 2JQ. 01-638 5191.

ROBERT HALF

Financial director

Nr Bath, £30,000 neg

C&L

For an entrepreneurially managed marketing led company with excellent manufacturing facilities which is amongst the most successful in its specialist consumer products field.

Started as a management buy-out in 1984 and now with blue chip institutional backing and turnover of £20m, the company has gone from strength to strength through the efforts of a small top flight management team now looking for its final member – a Financial Director.

Reporting to the Chief Executive in a key role you will assume responsibility for the entire financial function with an overall objective of steering the company towards flotation in about three years' time. More immediate tasks are to strengthen computer based systems, tighten up management reporting and help pinpoint areas with scope for improving business performance.

A proactive qualified accountant aged from the early thirties you must have had at least three years' experience at controller level, and have spent some time with a small to medium sized company or division. On the personal front you need to be able to stand your corner but with tact and diplomacy. Above all you must be able to identify totally with this small dedicated team. For the right person prospects are exceptionally good.

Résumés including a daytime telephone number to John Robins, Executive Selection Division, Ref.R524.

Coopers &Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

Shelley House 3 Noble Street
London EC2V 7DQ

Finance Director
Financial Services

Guernsey — **very competitive salary at 20% tax**

This established off-shore life assurance/investment company with a comprehensive international marketing base has recently become a subsidiary of a major financial services group. As part of its long term growth strategy the company requires a qualified accountant for the new position of Finance Director based in Guernsey.

As a member of a small senior management team, the Finance Director will be responsible for all aspects of the direction of the company's financial and administrative affairs. This will focus upon the enhancement of controls and procedures, organising financial, administrative and data processing staff, and will include direct participation in the overall management of the firm. Some travel between London and other international centres will be required.

The requirement is for a chartered accountant in their late 30's with experience at a senior level within a related financial services company, coupled with strong commercial and accounting skills and the creative flair to make a key contribution to the company's future development.

Remuneration is very attractive and will include a car and assistance with relocation and accommodation. Taxation in Guernsey is at 20%.

Please write, in confidence, enclosing full career details and quoting reference 7579/L to Claire-Marine Francois-Poncet, Executive Selection Division, Peat, Marwick, Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

PEAT MARWICK

Financial Controller
(Director Designate)

London — **c£27,500 + car**

We have been retained by a dynamic plc within the telecommunications industry to select a high calibre Financial Controller with a view to directorship after an initial period. Established in 1981, our client has broadened progressively from its initial trading activities and has recently made two significant acquisitions in related areas.

The Financial Controller will be a key member of the small management team and will be expected to make a full contribution to the strategic direction of the Group as well as having total responsibility for the financial function and its fifteen staff. There is scope for the successful candidate to make an immediate impact in terms of improvements to the company's systems and procedures.

A Chartered Accountant, aged 32-40, you will have gained a thorough understanding of cash flow management as Financial Controller of a company with high transaction levels in purchase and sales. Personal qualities will include adaptability and mental agility coupled with demonstrable maturity and commitment.

The competitive salary will be enhanced by a benefits package including a quality car and eligibility under the Group's executive options scheme. Interested applicants should write to Nigel Bates FCA, Executive Division, enclosing a comprehensive C.V., and quoting ref. 318, at Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH.

MP

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney
A member of the Addison Page PLC group

ACCOUNTANTS

LIVERPOOL — PACKAGE £19,000 TO £22,500

Are you satisfied with your progress so far and at the point where your next career decision has to be taken?

If so the challenge of operating in a major international financial sector organisation should interest you.

THE GROUP: Royal Insurance is a major international Group with an annual premium income of around £3,000 million. Our Group Head Office is located in the UK as well as four of our eight operating companies; successful candidates will have the opportunity to compete for appropriate positions in these units.

THE OPENINGS: Shortly there will be a number of vacancies in the Group Comptroller's Department of Group Head Office including:–

- deputy to the Group Accountant, responsible for consolidation of Group worldwide management reporting and statutory accounting.
- line manager of the division responsible for Group Investment Accounting in the UK and consolidation of worldwide investments, currently worth over £7,000 million.
- technical specialist to contribute to the development of accounting standards, EEC Directives and UK legislation.

In addition GCD has units responsible for Group Taxation, Cash Management, Expense Accounting, Internal Audit and Competitor Analysis. Career development is across all these functions and our policy of job rotation ensures that breadth of experience can be gained at appropriate levels.

THE PEOPLE: You are likely to be aged 28 to 40 and qualified Accountants keen to apply your skills in a commercial environment. You should be capable of managing professional support staff and should have innovative abilities and positive attitudes to modern technology. Your qualities will be such as to enable you to reach senior positions in the Group.

THE REWARDS: Salary progression in our remuneration package is geared to achievement of agreed targets, recognising true contribution. Our package includes mortgage interest subsidy, pension scheme, profit sharing and relocation costs.

TO APPLY: Send full CV to:– D M Heather FCA, Deputy Group Comptroller, Royal Insurance plc, PO Box No 144, New Hall Place, LIVERPOOL L69 3EN.

Royal Insurance

We are an equal opportunities employer.

UNITED TECHNOLOGIES Operational Audit

Brussels/European base — **£26-36,000 UK equivalent salary**

United Technologies is one of the largest manufacturing groups in the United States, with sales in excess of U.S. $15 billion. Their companies are market leaders in their various high technology fields. The group has expanded rapidly in recent years. European sales are in excess of U.S. $2billion with between 20-30% of audits relating to new acquisitions.

This expansion, linked to a firm policy of internal advancement, has led to a 90% success rate in promoting members of the European audit team to key positions in the group. Further promotions are scheduled for this year.

As a result, they are seeking other high calibre individuals for their European audit team. Successful candidates must have a clear potential for advancement.

Requirements include superior communications and analytical skills, motivation to excel and a minimum of four years' financial and/or industrial experience. A second European language would be a major asset. Significant European travel is necessary, with a return to home base at weekends; while this is normally Brussels, individuals may possibly be based in other major European business centres.

Interested applicants should contact either **Stephen Raby on London 831 0431 at 39-41 Parker Street, London WC2B 5LH, or John Archer on Brussels 648 1384 at Avenue Louise 350, Box 3, 1050 Brussels.** Please enclose a comprehensive curriculum vitae with your application, quoting ref. FT 1099.

MP

Michael Page International
Recruitment Consultants
London Brussels New York Sydney
A member of the Addison Page PLC group

Group Taxation

Southern Home Counties — *£Excellent + Car and share options*

This vigorous and highly profitable British based international company with a turnover in excess of £1 billion believes that its tax function should actively contribute to business performance.

An enthusiastic corporate tax specialist is sought to join the company's tax team as Deputy Group Taxation Manager. Key areas will include UK and International tax planning, DTR, and negotiations/discussions with the Revenue.

Candidates from the profession or commerce, probably aged 30-40, should be of graduate calibre. Considerable experience should have been gained in an innovative environment and ideally would include exposure to international transactions. Personal qualities will include a strong intellect, flexible style and excellent communication skills.

The highly competitive package will include a car and share option scheme.

Please reply to Martio Manning in strict confidence with details of age, career and salary progression, quoting reference 1608/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

PIFCO salton — Group Accountant

MANCHESTER

Pifco Salton manufacture and market small electrical appliances and we are now seeking an energetic, qualified accountant to join our Head Office team.

The successful applicant is likely to be promoted to Financial Director of the main trading subsidiary within 2 years.

This challenging position is ideal for a hands-on Manager who ideally will be aged 30-35 years of age and has 3-5 years industrial experience. There is an attractive salary together with a company car, contributory pension scheme, share incentive scheme and free medical insurance.

Please write in confidence with full career details to:—
J A S Wallace, Pifco Holdings plc,
Failsworth, Manchester M35 0HS.

MANAGEMENT ACCOUNTANT

28 – 35 — **£22,500 negotiable**

A well established expanding firm of City Solicitors wish to appoint a Chartered Accountant to fill the post of Management Accountant.

Reporting to the Chief Accountant you will be responsible for the efficient day-to-day control of the Management Accounting Department, including the preparation of monthly management accounts and budgets. The accounting systems are computerised.

Candidates should be Chartered Accountants in the age range 28–35 with about five years post qualification experience, preferably with some experience in a professional partnership. Computer experience is required and some knowledge of taxation and VAT would be an advantage.

Salary is negotiable to £22,500 and the prospects are excellent.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref: 2672 to W L Tait, Executive Selection Division.

Touche Ross
The Business Partners
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BEYOND CORPORATE AUDIT

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Applicants should send a brief c.v. with details of current salary to: Max Emmons, CRS 429, Lockyer, Bradshaw & Wilson Limited, 39/41 Parker Street, London WC2B 5LH.

List separately any companies who should not receive your application.

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UK COMPANY NEWS

Revamped Chloride counts the cost

Chloride Group, the batteries manufacturer headed by Sir Michael Edwardes, only just broke even in the year ended March 31 1986, largely because of the cost of the reorganisation programme initiated last January in the face of a deteriorating trading situation.

Over the past six months Chloride has regrouped operations into three product based areas, cut its workforce by around 550 jobs and reshuffled its management team.

These measures resulted in exceptional costs of £8.1m for last year, which cut into already depleted operating profits for a mere £0.5m pre-tax profit. In 1984-85 the result was £14.9m.

Sir Michael said yesterday that the restructuring was expected to save between £6m and £7m on an annual basis when fully implemented, and that the group had already fully provided for it. Some reduction in jobs was still likely, but he said that no material job losses were envisaged in the UK. The total group workforce is now under 11,000.

On the dividend, which has not been paid on the ordinary shares since 1980 and has built up arrears of around £6m on the preference shares, the outlook is also gloomy. The arrears are not likely to be paid until the company is in a position to pay an ordinary dividend, which in turn depends on a return "to a proper level of profitability."

Sir Michael added, however, that the comprehensive actions taken had laid firm foundations for a major improvement in the group's performance.

Sir Michael Edwardes, chairman of Chloride.

"The new team and the new structure are working extremely well, and we are on target to-date," he said. Sir Michael who took on the role of chief executive just before the restructuring, also said that a decision on his successor would be taken during the next few months.

The restructuring has helped the group's balance sheet, producing cash benefits of £50.4m from divestments which reduced net borrowings to £24.9m—the lowest since 1973. Gearing has been cut to 26.4 per cent, well down on 1981's 90 per cent.

Turnover for 1985-86 fell from £412m to £309.7m, of which divested operations accounted for £36m (£127.9m). Operating profits fell nearly £10m to £14.5m, and the taxable result was struck after interest of £7.1m (£10.9m).

The tax charge of £7.5m (£11m) left net losses at £7m (£3.9m profit) or 9.4p (0.2p) per share. The retained loss for the year came to £8.4m (£0.6m profit) after a below the line credit of £1.6m (£0.2m debit)—net profit on the disposal to Pacific Dunlop.

On future strategy, Sir Michael said: "We are now building on these immediate actions to advance our strategic plans for the three mainstream businesses in our new structure: industrial batteries, automotive batteries and power electronics.

"It is planned to grow the industrial battery business worldwide, including defence products, and to expand the power electronics business in the US and Europe. The automotive activities will concentrate on improving both profitability and the quality of the underlying earnings. Collaborative opportunities for specific sections of the group's business are being actively pursued."

Looking at the new group structure in detail, the chairman said that the three geographic regions — Europe, overseas and America — have been replaced with three product-based operations with each product grouping headed up by a main board director. "This new structure facilitates quicker decisions and a clearer focus on Chloride's various markets and areas of operation and provides a sound base on which to develop future product plans."

As a first step towards achieving product synergy, the industrial battery operations in the UK — motive power and power storage — have been merged under a single management team.

Except for a small central research team, the group's technical personnel have been transferred into the key operating companies where they will be able to make a more direct contribution.

"This will ensure that product development proceeds more rapidly and with greater commercial reality. By eliminating duplication and reducing administrative overheads, this action has resulted in a significant reduction in costs and the number of staff employed."

Group headquarters staff numbers have been virtually halved and will be relocated to smaller premises at the end of this month. The number of executive directors has also been reduced.

"We have tightened up the budgeting process, particularly with regard to levels of fixed expenses. All operating companies are required to structure their overhead costs so as to achieve targeted profit markins without relying on significant increases in sales," said Sir Michael.

See Lex

Waddington ahead but setback for games

John Waddington, the packaging and games group, made further good progress over the second six months and for the full 1985-86 year raised its profits by 12 per cent to £6.41m pre-tax.

Furthermore, the current year has started strongly with trading in the first two months well up on both last year and budget.

The group, which turned aggressor in the bid game having fought off approaches from both Norton Opax and Mr Robert Maxwell in recent years, says acquisitions during the past year added £12m to turnover and £850,000 to profits.

Shareholders are told that 1985-86 was a year of steady progress and consolidation in the existing businesses together with the relevant acquisitions which will help the group exploit its packaging technology.

Group turnover for the past year (to March 29) pushed ahead from £77.62m to £98.21m and at the operating level profits showed an improvement of £1.25m at £7.9m—Waddington is best known for its Monopoly and Cluedo board games.

Because of the higher tax charge earnings declined from 57.6p to 52p. However, as an indication of their confidence in the future the directors are lifting the final dividend to 13p (12p) which raises the total by 2p to 26p net per 25p share. A four-for-one scrip is also proposed.

In the UK games sales surged by 35 per cent but profits were lower following heavy TV advertising. This year the group is projecting a substantial increase in profits from this source while TV spending is forecast to jump again from £1.5m to £2m.

The games sector as a whole had to carry significant losses on the now merged Canadian games business as the quiz games boom in North America came to an end.

The group was left having to carry substantial stock losses on its own Superquiz game there. The Canadian operation, now combined with Toronto-based Ben Sanders, is expected to trade profitably this year.

● comment

Games have become a marginal pursuit at John Waddington, as the group has shifted towards special plastics products to meet the demand of the bulk of us who are fast food fields no matter what the wholefield lobby says. The bullish statement produced a 40p rise in the share price to 850p, hardly surprising given City expectations for this year of a 50 per cent leap in earnings. With a new man at the top in business forms, the management problems in this division appear resolved; on games the injection of the Ben Sanders acquisition into the Canadian operation should provide a better base and in the UK a couple of million a year spent on television advertising is keeping the old favourites (Monopoly, Cluedo) profitably in the public's eye. However, it is from contracts like that recently won from Birds Eye for hundreds of thousands of TV-dinner cooking and serving plates that the real growth is likely to come. In these figures, earnings growth was constrained by a rise in the tax rate and Waddington is learning to live with a 25 per cent charge for the next couple of years. Nevertheless with £11m in prospect, the shares are on an unsuitably modest prospective rating of 10½. The four-for-one scrip issue should make the race up towards the £1.90 mark, on an ex-scrip basis, a fast one.

British Land surges by 79% to a record £21m

THE British Land Company, engaged in property investment and development, raised its profits before tax from £11.8m to a record £21.1m in 1985-86, an increase of 79 per cent and is rewarding shareholders with a 0.5p lift in their total dividend to 3p net.

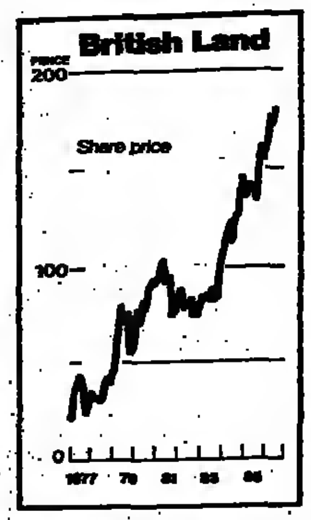
Mr John Ritblat, the chairman, says net worth rose by £30m to £304m and adds that this would have been substantially higher if full values of joint ventures, developments and industries were included.

At year end (March 31 1986) gross assets were £631m. However, since that date the gross figure has risen to £734m following a £93m transaction with the Legal & General.

The group's properties have been revalued at an open market basis and amount to £426.2m. This represents the total properties at book £401.9m plus a surplus of £24.3m over book value of properties held by trading subsidiaries.

Mr Ritblat says that over the past year the group's growth in terms of profits and net assets has been strongly sustained—net assets amounted to 217p (204p) at year end.

Referring to the valuation he says the group's accounts do not reflect the considerable excess values which arise in certain aspects of the company's business and which are relevant to a full appreciation of its worth.



He adds that if the site of Plantation House were immediately available for redevelopment, then there would be a surplus at current values over and above the valuation shown of some £60m. During the year the planning consent on Plantation House was further improved by the grant of an additional 44,500 sq ft of offices, giving a total consent of some 550,000 sq ft.

Another asset which had not been revalued in the accounts is the W. Crowther Group, where indications from independent investment banking advisers are that market value would show a surplus of some £25m over book value. Jarvis Brothers & Brewster (Construction), the housebuilding subsidiary, also has a considerable surplus over book value.

The chairman says that since the year-end, and therefore also excluded from the accounts, the company has contracted to purchase from the Legal and General (Pensions Management) an institutional portfolio of 49 properties of which 14 are office buildings, including Mariner House and several others in the West End and City of London.

The purchase involves a consideration of £93m phased in three tranches of £40m, £22m and £31m, the final tranche being due in May 1987.

The joint venture for the Unilever site at Blackfriars and for Paternoster Square in London, for the hotel developments and the Liberteproject in Paris as well as the group's own St. Stephen's Green retail development in Dublin involving over 1.25m sq ft are included at original cost and will be revalued on completion.

See Lex

Benford gives in to BM

By Lionel Barber

Benford Concrete Machinery yesterday abandoned its fight against BM Group's £20m hostile bid, and recommended shareholders to accept BM's cash alternative of 90p per share. BM, which speaks for at least 29 per cent of Benford shares, has yet to declare its increased share and cash offer unconditional. If it does so, Mr Roger Shute, BM's chief executive, will become chairman of the Benford board. Mrs Stella Brumell, Benford's chairman and chief executive, will resign, along with the two non executive directors, Mr P. J. Custis and Mr J. A. Griffiths.

Mountview Estates

Mountview Estates, property dealer and investor, increased its pre-tax profits from £4.38m to £5.44m in the year to March 31 1986.

The final dividend is raised from 3.5p to 4p net for an increased total of 5p (4.5p). Stated earnings per 5p share improved from 48.1p to 65.3p.

Group turnover was £8.24m compared with £6.53m, and operating profits were ahead at £5.55m (£4.47m).

Anglia TV soars to record £4m

ADVERTISING REVENUE at Anglia Television Group has recovered from the depressed levels of the previous year and this, together with vigilant control of expenditure and the near-elimination of associated company losses, has resulted in record half-year profits.

Before Channel Four subscription and Exchequer Levy, profits were up from £6.98m to £11.48m, but Anglia paid £5.27m (£4.78m) towards Channel Four, and the Exchequer Levy rose from £580,000 to £1.98m, leaving £4.23m compared with £1.59m. At the pre-tax level there was a substantial increase from £944,000 to a record £4.21m after an associate's debit of £25,000 (£645,000).

Tax climbed from £516,000 to £1.59m, and there were minorities of £17,000 against £38,000. The interim dividend is raised from 3p to 3.75p per 25p non voting "A," "B" and "C" share. Stated earnings were 19.21p compared with 3.41p.

Unusually, last year's second half profits were greater than those in the opening half because of the recovery in advertising revenue. The directors say this year is likely to revert to the more normal pattern.

They say revenue continues to be buoyant and the prospects for the full year are encouraging.

At Anglia's annual meeting in April, the retiring chairman, the Marquess Townshend of Raynham, said the board had appeared prudent in deciding not to involve the company in cable ventures at that time. The failure of the DBS enterprise to get off the ground was due to anticipated capital costs resulting from the Government's insistence on the acquisition of a British satellite, which appeared unviable.

● comment

With this set of interim results Anglia almost matched the City's expectations for the full financial year and its shares soared by 35p to 255p yesterday. Analysts had anticipated the benefits of stemming the losses from Sodastream and of the recovery from last year's revenue recession, but not the benefits of gathering interest from the £5.9m gleaned from the sale of Sodastream nor from the "housekeeping" exercise implemented in the depths of the revenue recession. Anglia, like all the other television companies, is lapping up the recent uplift in advertising revenue, even if sales of programmes overseas, which have traditionally provided a useful tranche of profits, have been less buoyant. The second half of the year is traditionally weaker than the first and analysts anticipate full year profits of £6.75m and a prospective p/e of 8, which offers some scope for improvement in the short term given that Anglia has traditionally traded at a premium to the sector. Anglia is still clinging onto the cash from the Sodastream sale. It is committed to investment in the ITV Superchannel cable programming project and is scouting about for investment opportunities within the broadcasting field.

A. & J. Gelfer gets a bid approach

A. & J. Gelfer, the tie and headwear business, yesterday said it had received a bid approach. Gelfer shares rose 22p to 138p, capitalising the group at £8.6m.

Lovell advance slowed by construction division

DESPITE results from the construction division being below expectations, Y. T. Lovell (Holdings), building contractor, reports increased pre-tax profits for the six months to March 31 1986. The figures were up from £2.52m to £3.25m, and the interim dividend is increased from 1.55p to 1.7p net on the enlarged rights capital — last year's total was 7p from pre-tax profits of £9.04m.

The directors say that while market conditions have remained difficult for construction and construction-related activities, the well-spread nature of the company's operations and, in particular, the expanding involvement in residential development, has provided opportunities for profitable progress in the first half.

Growth in turnover — up from £101.18m to £121.13m — and profit has continued at a satisfactory rate with, additionally, a contribution from proceeds of the £14m rights issue in January.

In residential development, the directors say demand for housing across the market sectors and areas of the country in which the company is involved has remained strong.

Industrial and commercial developments secured a number of excellent opportunities in strategic locations in the South East, particularly in the retail field. The US operations undertaken by Y. J. Lovell (America) are well established and encouraging progress is being made.

Group tax in the opening half was £1.14m compared with £806,000; leaving attributable profits up from £1.71m to £2.11m. Stated earnings per 25p share moved ahead from 8.11p to 8.53p.

● comment

This is Lovell's bicentenary year and the company looks set to mark the occasion with record profits. Although the construction division will continue to face a difficult market, the group has now established a profitable niche in the residential housing and urban renewal sectors. The latter consists of major residential developments in areas like the Docklands, partnership housing with local authorities in which houses are built for those on council waiting lists and inner-city schemes under the aegis of PROBE, a private sector body set up with the Nationwide and Halifax Building Societies. Lovell has enough business on its books to carry it well past the end of this financial year and with the politicians competing to promise urban regeneration, the long term prospects look good. Indications are that full year pre-tax profits of £12m can be achieved, which with a tax charge of 35 per cent, puts the shares at 423p on a p/e of 12. A justifiable rating.

AHS 43% ahead at £4m

Associated Heat Services, the energy management group controlled since last month by the French Compagnie Generale de Chauffe, yesterday announced a 43 per cent rise in pre-tax profits to £4.52m for 1985/86, on turnover just 15 per cent up at £50.71m. The result is some £0.6m better than the previous record of 1983/84.

The directors say that the company has felt the effect, in recent months, of the steep decline in oil prices. This has lead to a reduction in profits from oil-fired business and in a reluctance by clients to make long-term decisions about fuel supply.

However, revenue from oil-based contracts amounts to less than 14 per cent of the total, and with a sound financial base represented by net assets of £12m, the company is in a strong position to expand its services to industry commerce and the public sector, they say.

With tax at £1.46m (£1.27m), earnings per share come out at 35.8p, up from 21.7p, and the dividend is lifted 3p to 14p with a 10p second interim.

The dividend will account for £1.12m (£880,000) leaving a retained profit of £1.57m (£860,000).

Sharp rise for Irish mining group's shares

Conroy Petroleum and Natural Resources, an Irish company with a London listing, has seen its shares rise sharply in recent days following the announcement of the discovery of new lead and zinc deposits and the interest of Outokumpu, a Finnish mining group.

The Finns yesterday announced that they had acquired a 24 per cent holding in Conroy from Burnett and Hallamshire, the troubled UK mining group, in a put through deal via Outokumpu's Irish offshoot. The shares closed at 135p last night, up 5p on the day, following a 15p rise on Monday.

Last Friday, Conroy announced "extremely encouraging" results from test drillings in central Ireland. It is understood to have been approached by a number of major mining companies interested in involvement in the field, including RTZ.

Metals Ex/Hampton Gold

Metals Exploration, a member of Australian entrepreneur Mr Alan Bond's group, said yesterday that it spoke for 32.6 per cent of London's Hampton Gold Mining Areas, following its cash offer of 150p per share.

Metals Exploration bought a 9.4 per cent stake in Hampton from MIM, the fund management group, at 150p. Together with other purchases, it has bought a total of 8.8m Hampton shares (32.3 per cent). The final offer remains open until July 2.

Hampton urged shareholders to reject the offer which it said was unacceptable.

EMAP

BECAUSE OF a typographical error, an FT report on June 17 said EMAP had "cancelled" the purchase of a 13.36 per cent stake in Home Counties Newspapers. The report should have said that EMAP had announced this purchase.

COMPANY NEWS IN BRIEF

ROBERTSON RESEARCH proposes to expand its natural resource activities by acquiring Hydrotechnica and Hydrotechnica (Services) International, two related private companies specialising in the assessment and management of water resources in the UK and overseas.

RITZ PALACE Varieties, the private company of Mr Stephen and Mr James Forsyth, who are directors of Leisure Investments, has purchased a further 2.6m ordinary shares in Leisure Investments at 40p each. Ritz Palace now holds 6.31m shares (27.14 per cent). These and shares owned privately by Mr Stephen and Mr James Forsyth, bring their combined interests in the company to 28.9 per cent.

ASSOCIATED BRITISH Industries, manufacturer of merchant wax, oil, chemicals, sealants and adhesives, has acquired Trans Penn Wax Corporation of Pennsylvania, for a consideration of $2m (£1.3m).

This announcement complies with the Council of The Stock Exchange.
It does not constitute an offer of, or invitation to the public to subscribe for or purchase, any securities.

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Samuel Montagu & Co. Limited — Morgan Guaranty Ltd

NatWest Investment Bank Limited — Nomura International Limited

Salomon Brothers International Limited — Société Générale

Swiss Bank Corporation International Limited

The issue price of the Bonds is 100¼ per cent. of their principal amount. Application has been made to the Council of The Stock Exchange for the Bonds to be admitted to the Official List.

Interest will be payable annually in arrear on 2nd July of each year, the first payment to be made on 2nd July, 1987.

Listing Particulars relating to the Bonds, the Issuer and the Guarantor are available in the statistical service of Extel Statistical Services Limited and copies may be obtained during usual business hours up to and including 23rd June, 1986 from the Company Announcements Office of The Stock Exchange and up to and including 3rd July, 1986 from:

Marks and Spencer p.l.c., Michael House, Baker Street, London W1A 1DN

Credit Suisse First Boston Limited, 22 Bishopsgate, London EC2N 4BQ

Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN

Citibank, N.A., Citibank House, 336 Strand, London WC2R 1HB

19th June, 1986

CONSOLIDATED MURCHISON LIMITED

Reg. No. 05/05478/06

Incorporated in the Republic of South Africa

Declaration of Final Dividend No. 77

Final dividend No. 77 of 30 cents per share has been declared payable to holders of ordinary shares, registered in the books of the Company at the close of business on 11 July 1986. The dividend has been declared in the currency of the Republic of South Africa and payments from London will be made in United Kingdom currency. The date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be 21 July 1986 or such other date as set out in the conditions subject to which the dividend is paid. These conditions can be inspected at the registered office or office of the London Secretaries of the Company. Warrants in payment of the dividend will be posted on or about 8 August 1986. The transfer books and registers of members of the Company in Johannesburg and London will be closed from 12 July 1986 to 18 July 1986, both days inclusive.

By Order of the Board
ANGLOVAAL LIMITED
Secretaries
per: E. J. Thomas

Registered Office:
Anglovaal House
56 Main Street
2001 Johannesburg

London Secretaries:
Anglo-Transvaal Trustees Limited
295 Regent Street
London W1R 8ST

18 June 1986

Granville & Co. Limited

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8 Lovat Lane, London EC3R 8BP — Telephone: 01-621 1212

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	118	Ass. Brit. Ind. Ord.	131	—	7.3	5.8	6.0	7.8
151	121	Ass. Brit. Ind. CULS	131xd	—	10.0	7.3	—	—
125	43	Airsprung Group	120	−3	8.4	5.3	20.0	26.1
46	28	Armitage and Rhodes	29	—	4.3	14.8	3.6	4.3
179	108	Bardon Hill	178	—	4.0	2.2	22.5	23.4
77	42	Bray Technologies	77	—	4.3	5.8	9.1	8.3
201	80	CCL Ordinary	80	—	2.0	3.5	5.7	6.9
152	85	CCL 11pc Conv. Pf.	86xd	—	18.7	16.3	—	—
170	60	Carborundum Ord.	170	+2	9.1	5.4	6.2	8.4
94	83	Carborundum 7.5pc Pf.	88xd	—	10.7	12.2	—	—
65	46	Deborah Services	56	—	7.0	12.5	5.6	7.7
32	20	Frederick Parker Group	22½s	−0½	—	—	—	—
112	60	George Blair	110	—	—	—	4.5	8.1
88	20	Ind. Precision Castings	60	—	3.0	5.0	15.8	13.2
218	155	Isle Group	158	—	18.0	9.5	12.2	16.2
122	101	Jackson Group	118xd	—	8.1	5.2	8.0	7.2
347	228	James Burrough	347xd	—	15.0	4.9	10.9	10.8
100	85	James Burrough 9pcPf.	100	—	12.9	12.9	—	—
95	56	John Howard and Co.	57xd	—	5.0	8.8	—	—
2420	570	Minihouse Holding NV	1370	+30	8.7	0.6	45.3	53.7
380	260	Record Ridgway Ord.	380	—	—	—	8.8	11.7
100	89	Record Ridgway 10pcPf	89xd	—	14.1	15.8	—	—
82	52	Robert Jenkins	72	+2	—	—	6.4	20.8
34	28	Scruttons "A"	30	—	—	—	—	7.7
87	66	Torday and Carlisle	78xd	+1	8.7	7.3	4.7	4.8
370	320	Trevian Holdings	320	—	7.9	2.5	6.7	8.8
57	25	Unilock Holdings	55s	—	2.1	3.8	15.2	14.0
175	93	Walter Alexander	170	+1	8.6	5.1	5.6	11.7
226	190	W. S. Yeates	190	—	17.4	9.2	19.0	21.1

s=Suspended

Extension may resolve CGA bid

BY MARTIN DICKSON

THE TAKEOVER PANE yesterday a rare two weekextension of the normal bi timetable in an attempt toresolve the deadlocked tree-way battle for County Geilemen's Association, the finarial services business.

The mnve gives rederıcks Place group an opprtunity to clinch victory for itsıid, which is being recommened by the CGA board. Bestwood, which is making a rival, contested bid, had argued against the extension.

By Tuesday, the 60th day of the battle and normal final closing date of the bids, Fredericks Place had valid acceptances covering 49.28 per cent of CGA's shares—just 0.73 per cent short of victory. It also had accpetances covering a further 1.35 per cent, which would win it the battle if these could be confirmed as valid.

Bestwood owned nr had valid acceptances covering 46.2 per cent of CGA's shares.

A meeting of the full Takeover Panel yesterday acepted a request by the CGA and Fredericks Place for an extension of both bids until July 1, on the ground that this would be in the interests of CGA's shareholders.

Such an extension is sometimes allowed when there is an agreed bid, but it is not usual in a contested battle of this nature.

Mr Tony Cole, chairman of Bestwood, said last night that he was "very unhappy indeed abont this decision, which seems to shift the goalposts." He did not belleve it was right for such an extension when there were two competing bids, since this was not even-handed.

If neither bid succeeds by July 1, and if the Panel does not allow a further extension, then neither Bestwood nor Fredericks Place would be free to bid again for 12 months.

With over 95 per cent of the CGA's shares now spoken for, it will be extremely difficult for Bestwood to gather sufficient shares to win itself. However, analysts said it would be in the company's interest if both bids failed, rather than for Fredericks' to succeed.

Berisfords dismisses Allied claim

By Lionel Barber

Berisfords, the ribbon maker contesting a £7.8m hld from Allied Textiles, yesterday rebutted Allied charges that it was using property sales tn finance dividends and extraordinary costs.

In a letter to shareholders, MrDavid Mylnors, Berisfords' chairman, said the total net of tax cost of dividends for the year ending March 1987 would be £356,000. The sum would be covered 1.8 times by forecast profits. Mr Mynors urged shareholders to reject what it described as an inadequate Allied offer.

George Wimpey plans series of divestments

BY DAVID GOODHART

George Wimpey, the engineering and construction group, announced yesterday that it is beginning a series of minor divestments and "going back to the core businesses," according to Mr Cliff Chetwood, the chief executive.

The first subsidiary it is seeking to sell is the builders merchants, Wimpey Merchants, consisting of three seperate companies—W. W. Hall, based in the Sonth-east, Monteith Building Services of Scotland, and Edwards & Co of Kent.

According to the 1985 annual report, Wimpey Merchants "had a very satisfactory year overall" and the sale is expected to raise close to £20m.

"We expect a lot of interest in the business because it would be very complementary to a lot of other people's businesses," said Mr Chetwood.

The divestment strategy was hammered out at a Wimpey strategic review last October. "We took the decision then that we should concentrate our investment in main line businesses where we have a premier position. We are never going to have a premier position in builders' merchants without investing about £60m or £70m," said Mr Chetwood.

He added that the three companies have given adequate returns, but are hungry eaters of cash. Further small divestments are expected over the coming months. Wimpey's share price rose 2p to close at 203p.

WILLIAMS HOLDINGS announces that the recommended offers for the whole of the ordinary and preference share capital of Duport have been declared unconditional in all respects.

Rotaflex defence forecasts 49% profits increase

BY LIONEL BARBER

Rotaflex, theJK lighting company contestig a £30m hid by Emess Lightig, yesterday forecast a 49.4 pr cent rise in pretax profits › £4.75m for the year ending December 1986.

Earnings per share are also expected t rise by 52.4 per cent to 2.2p, Rotaflex said. This woul represent respectively compound growth rates nver the fe years to December 1986 of 5.6 per cent and 75.1 per cent.

Emess which has so far receivec 0.4 per cent acceptances or its share offer, is extending it until June 25. A cash lternative of 252p per sbare has lapsed hut can be reintroduced.

Th stock market expects Emes to increase its offer of 0 nw shares for every 100 in Rotflex. On the baais of last night's closing price for Emess, down 2p to 334p, the offer values Rotaflex, up 5p to 383p, at 300.6p per share.

Mr Michael Meyer, Emess chairman, was in New York yesterday on business. This week, he has held discussions with Bairnco, the US company which last month announced a joint venture with Rotaflex to exploit their microprocessor lighting technology.

Mr Tim Seymour at County Bank, advising Emess, said that Rotaflex's profits fnrecast made no mention of a dividend forecast, nor of its gearing which he said stood at around 140 per cent.

Rotaflex, advised by S. G. Warburg, said Emess lacked credibility. It said that Emess'a core businesses were on a downward trend before it made major acquisitions in 1984 and 1985.

Two US directors of Pavion share £1m bonus

BY CHARLES BATCHELOR

TWO US directors of Pavion International, the cosmetics group, were paid a total of £1.43m in salaries and bonuses, it was revealed in Pavion's 1985-86 annual report published yesterday.

Mr Mike Flinn, Pavion's chief executive and bimself the highest-paid UK director with a £70,000 salary last year, said such bonuses were "a common North American situation."

The two US directors are Mr Stan Acker, the founder of Pavion Cosmetics, which Pavion, then known as Sangers, acquired for $24m in January 1985, and Mr Tony McCready. The two men together earned nnder £200,000 in salary with more than £1.2m of their payment represented by bonuses, Mr Flinn said.

Mr Acker and Mr McCready will continue to be eligible for the same level of bonus for the next five and three years respectively, Mr Flinn said.

The Pavion acquisition boosted the group's pre-tax profits to £2.41m in the year ended February 1986 from £577,000, on turnover which rose from £32.67m to £48.68m.

Sangers took the unprecedented step of accepting voluntary demotion from a full London Stock Exchange listing to the USM market when it acquired Pavion, a New York-based budget cosmetics group. Pavion did not have a long enough record of audited accounts for the combined group to retain its full listing.

Beaverco placing over 2m shares today at 145p

BY RICHARD TOMKINS

Beaverco, a Derbyshire-based company which has become a leading UK manufacturer of polyurethane foam, comes to the USM today through a placing of 2.1m shares at 145p per share.

Its market capitalisation at the placing price is £9.5m. Samuel Montague, the merchant hank, is sponsoring the issue and Laurence Prust is the hroker.

Most of Beaverco's foam production is cut and shaped into components for the upholstery and bedding industries. Seat, back and arm cushions are supplied for three-piece suites while bedding components are used in headboards, mattresses and divan hases.

The group also has a consumer products division which makes sofa beds, headboards and sports equipment such as gymnasium mats, and an industrial products division which makes packaging, soundproofing and filters.

The company was founded by Mr John Lees, now chairman, in 1972. Since the construction nf its own block foam factory in 1980, growth has come both internally and through acquisitions.

Profits have risen from £184,000 in 1982 to £1m in the year to last March on turnover up from £7.1m to £15.6m. There is no profit forecast, so the company is coming to the market on an historic price/earings multipie of 11.5.

Half the £3m being raised through the placing will go to existing shareholders, and the remaining £1.28m, net of expenses, to the company. Beaverco says the flotation will provide an enhanced capital base, reduce borrowings, and help the group's expansion.

The directors say that plans for additional plant and recent technical developments in flame-retardancy should help the group maiotain its position in existing markets. It would also exploit the increasing demand for safer materials in areas such as aircraft, huses and catches, offices and theatres.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Arbuthnot Japan Growth Fund, Arbuthnot Sterling Fund, Dundee and London Investment Trust, Arthur Lee.

Finals: Allied Colloids, Arbuthnot Yen Bond Fund, Baker Perkins, British Telecommunications, Brown Shipley, Dawson International, Grampian Television, Johnson Matthey, London International, Mitchell Somers, Scapa, Wigfalls.

FUTURE DATES

Interims:

Barr (A. G.)	June 25
Hambro Currency Dis'butor Fd	July 3
Lincroft Kilgour	July 1
Nash Industries	June 24
Trusthouse Forte	July 2
Union Discount	July 13

Finals:

Belhaven Brewery	June 20
Birmingham Mint	July 10
British Bldg & Eng Appliances	July 8
Brown and Jackson	June 28
Equity Consort Inv Tst	July 2
First Security	June 23
Hambro Currency Fund	Aug 5
London Investment Trust	June 23
Plantation Trust	June 23

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
AHS .... sec int	10	June 20	7.7	14	11
Anglia TV ....int	3.75	Aug 8	3	—	9
British Land	2	Aug 20	1.75	3	2.5
Godfrey Davis	3	Aug 21	2.5*	4.5	3.75*
Granyte Surface	‡1.35	July 24	—	2.1	—
Lookers ....int	2	—	1.6	—	4.9
Y. J. Lovell ....int	†1.7	Sept 30	1.55	—	7
Mountview Estates ...	4	Aug 18	3.5	5	4.5
Stead & Simpson	2.45	Aug 13	2.3*	3.55	3.3*
Tern Group	nil	—	1.25	nil	2
J. Waddington	†13	July 26	12	28	24

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

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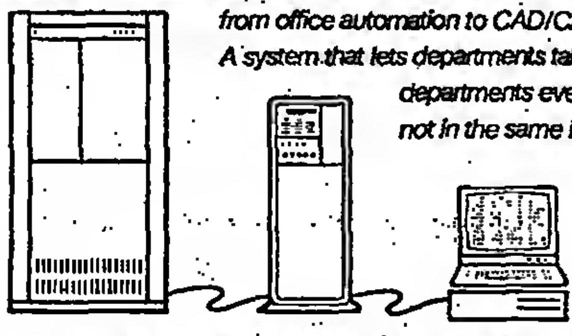

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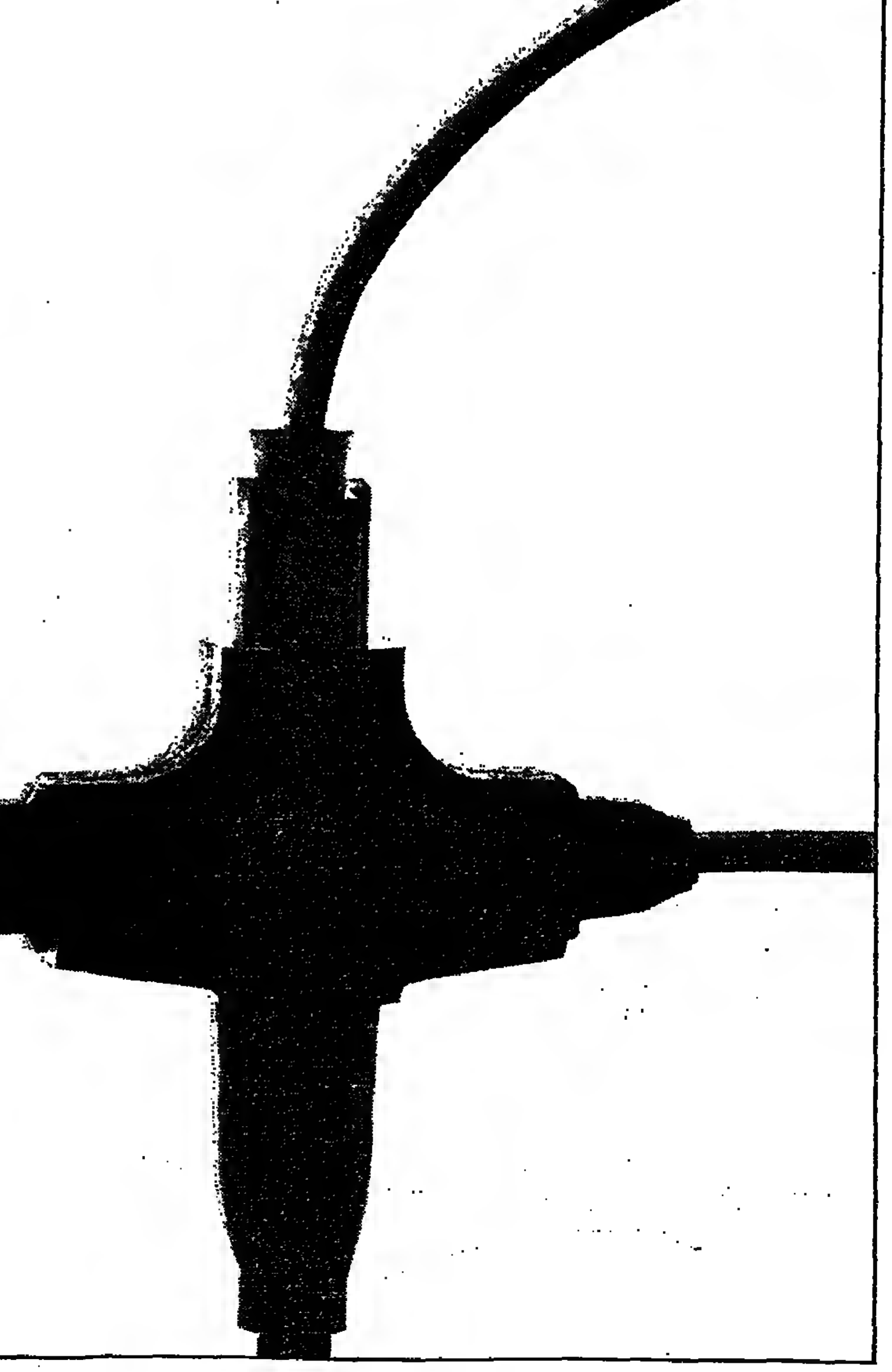

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UK COMPANY NEWS

Lexicon dealings resume after reimbursement plans

BY ALICE RAWSTHORN

Lexicon, the US-based manufacturer of digital audio equipment, yesterday announced details of its proposals to reimburse shareholders for part of their investment in the company, thereby enabling its shares, which were suspended in late February, to return to trading on the USM on Monday.

The company proposes to use $1.07m (£172,000) of its cash surplus to "repay" shareholders 20p for each ordinary share held. The three founding directors will also reduced their holding from 60 per cent to 47 per cent in order to give investors one new share for every four shares already held. The cost of each share will effectively be reduced by 34 per cent for investors.

Lexicon shares were suspended just three months after its flotation, at 118p, 3p above the opening price. It opted for suspension after realising that the dramatic fall in sales of one of its most successful products—the PCM60 digital reverberator—would materially affect its profit performance in the current financial year. Sales of the PCM60 had been hit by the emergence of cheap Japanese competition.

"We were still trading in profit, but it was clear that our interim results would not be as high as our past performance had led investors to expect," said Mr Ronald Noonan, Lexicon's president and chief executive.

"As a US company we have made a long term commitment to the London equity market and maintaining good investor relations is very important to us, so we decided to make a unilateral adjustment to our shareholders."

In the six months to February 28 Lexicon produced pre-tax profits of $216,000 on net sales of $4.68m, compared to $788,000 and $4.75m respectively in the previous first half. The company anticipates a continuation of relatively poor profits until its new product range of disc-based systems comes on stream next spring.

The Lexicon announcement follows a problematic period for US companies quoted on the London market. The antipathy of UK investors towards US-based companies was one of the chief factors behind the flop of the Mrs Field's flotation last month. In 1983 a Californian dishwasher manufacturer, Chemical Method Associates, offered to reimburse its shareholders after failing to fulfil profit projections.

● comment

Given that Lexicon's shares were suspended under a shroud of secrecy, many of its investors could be forgiven for having assumed that its position was much, much worse than this set of results, and the company's bullish development plans, would suggest. With the fate of Mrs Fields looming in the background Lexicon is at pains to do, and to be seen to be doing, the "decent thing." Investors' reaction will be determined entirely by whether they are prepared to wait for the year or so it will take for profits from the new product ranges to filter through. Lexicon's underlying business is sound, its balance sheet healthy and the threat of Japanese competition is much less intense in the upper echelons of the digital equipment sector where almost all its products, other than the PCM60, are based. The second half of this year will, however, be marred by the same problems that beset Lexicon in the first. Analysts anticipate profits of $500,000 for the full year. But by the spring of next year, when the new disc-driven systems surface, the company should be in a position to fulfil the profit expectations raised before the flotation.

Lookers rises in opening half

Increased pre-tax profits, up from £1.01m to £1.25m, are reported by Lookers, the Manchester-based motor vehicle distributor and engineer, for the six months to March 31, 1986.

The directors say the motor division has performed particularly well, and results from contract hire, car delivery and coachbuilding were also good. But profits from the agricultural division were reduced because of a poor cereal harvest.

They say a reduction in interest rates will benefit the company in the second half.

The interim dividend is raised from 1.6p to 2p — last year's total was 4.9p from pre-tax profits of £2.3m (£1.87m). Stated earnings per 25p share advanced from 7.6p to 10.4p.

Group turnover in the opening half was £80.78m compared with £78.05m. Tax was up from £383,000 to £407,000.

Stead & Simpson holds profit despite weather

THE WEATHER dampened Stead & Simpson's profits from its footwear activities during 1985-86, but improved returns from motor trading left the group's pre-tax result little changed for the full 12 months at £5.16m.

Footwear turnover for the year to end-March advanced by 5 per cent to £39.23m (£37.26m) and that of motor trading by 13 per cent to £23.61m (£20.91m).

Profits of the two divisions respectively amounted to £4.46m (£4.65m) and £812,000 (£681,000).

Footwear turnover was well below the budgeted figure. The directors say it is difficult to envisage a year in which the weather could have been less beneficial to the selling of footwear as last year.

They add that the slight fall in the division's profits was attributable to maintenance of margins and strict control of overheads.

In the current year, trading in footwear has shown little change so far as compared with last year due, the directors say, to a further bout of appalling weather.

They add, however, that benefits should materialise from the shops opened last year, together with the additional 10 shops planned to be opened or relocated this year.

Turnover of the motor dealerships for the first 11 weeks of the current year showed an improvement of 20 per cent.

Earnings came through at 5.31p (5.01p) per ordinary and "A" ordinary and a final dividend of 2.45p raises the net total from an adjusted 3.3p to 3.55p.

Extraordinary credits (property disposals) rose from £1.25m to £1.67m.

This advertisement is issued in compliance with the regulations of the Council of The Stock Exchange. Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the Company's Ordinary shares in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to listing.

SMALLBONE PLC

(Incorporated in England under the Companies Acts 1948 to 1981. Company No: 1622227)

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of 1,470,000 Ordinary Shares of 10p each at 165p per share

Share capital

Authorised		Issued and now being issued fully paid
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The Company's principal activity is the design, sale, manufacture and installation of high quality fitted kitchens and bedrooms in the U.K. domestic market.

A proportion of the shares being placed may be available in the market during normal market hours today.

Full particulars of the Company are available through the Extel Unlisted Securities Market Service. Copies of the Prospectus and of Extel Cards can be obtained until 1st July 1986 from:-

STOCK BEECH & CO.
Warnford Court,
Throgmorton Street,
London EC2N 2AY

19th June, 1986

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

BEAVERCO plc

(Registered in England No. 1043817)

Placing by
Samuel Montagu & Co. Limited
of 2,066,965 Ordinary Shares of 5p each at 145p per share

Share Capital

Authorised		Issued and now being issued fully paid
£425,000	In Ordinary Shares of 5p each	£327,442

Beaverco is a leading manufacturer and converter of polyurethane foam. The Group also manufactures a range of foam-based products, which includes fashion furniture, speciality foam products for packaging and sound-deadening, foam for filtration purposes and products for the sports and fitness equipment market.

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the Company's Ordinary Shares in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to listing. A proportion of the shares being placed will be made available to the public through the Market during market hours today, 19 June 1986. Particulars of the Company are available in the statistical services of the Extel Unlisted Securities Market Service and copies of such particulars may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including 9 July 1986 from:

Samuel Montagu & Co. Limited
114 Old Broad Street
London EC2P 2HY
Tel: 01-588 6464

Laurence Prust & Co. Ltd.
Basildon House
7-11 Moorgate
London EC2R 6AH
Tel: 01-606 8811

Godfrey Davis up 21% to £4.6m

Godfrey Davis (Holdings) yesterday reported a 21.4 per cent increase in full-year profits with improvements spread across the company's three divisions, Ford main dealerships, residential parks and portable buildings.

At £4.55m pre-tax, the result compared with the previous year's £3.75m and was attained on turnover ahead from £101.99m to £109.19m.

Ford main dealerships, including contract hire, contributed £3.37m against £2.62m. Residential parks added £1.62m (£1.35m) and portable buildings produced £1.38m compared with a six-month contribution of £493,000 in 1984-85.

These gains comfortably offset a 57 per cent leap in interest charges from £1.19m to £1.87m.

Earnings per 25p share for the year to end-March 1986 rose from 9.8p to 11.6p and a higher final dividend of 3p (2.5p adjusted) has been proposed, lifting the total to 4.5p (3.75p).

There were extraordinary credits of £133,000 (debits £273,000) relating to the sale of part of the excess freehold service facilities at Neasden Lane, London, less the results and closure costs of the group's discontinued paint distribution businesses.

The company is to settle the additional consideration of £412,770 for the purchase of Godfrey Davis Portable Buildings by an issue of 341,132 shares in the current year. Outstanding consideration for the year 1987 to 1989 has been commuted and satisfied by the issue of shares.

● comment

These figures were pretty much what analysts were predicting and the City reacted warmly, marking the shares up 6p to 118p on the news. Since the motor industry shows no sign of shedding its over-capacity and discounting remains prevalent, prospects for car dealing and hiring this year are steady rather than spectacular. However, the contract hire business now matches the Ford dealerships for profit. The portable buildings division will spend this year establishing itself in the South East and promotional and organisational costs involved will limit its profit contribution. The lead time in residential homes development means that major profits growth will have to wait till next year. All in all a year of consolidation, although with interest costs falling, profits of £5m look achievable. The shares are on a prospective p/e of 9¼, which seems fairly to reflect the group's prospects.

Hawker yet to find suitable acquisition

Hawker Siddeley said yesterday that considerable research on the acquisition front had yet to yield any fruit. "We have not yet found a sufficiently attractive major corporate acquisition at an acceptable cost," said Sir Peter Baxendell, the chairman, at the annual meeting.

However, the totality of "our acquisition policy has been impressive," he said reminding shareholders about the purchases over the last 12 months which included Commonwealth Aircraft, the whole of the cable and accessories business of Aluminium Wire & Cable, and Cables and Plastics.

Sir Peter commented that recent cuts in the oil price had made Middle East import markets an "area of concern" although the overall order position "is so far being maintained." Continued price reductions "should be helpful to manufacture entities like Hawker Siddeley," although the counter balance or enhanced trading prospects with countries benefiting from lower energy costs "had yet to work through."

Overall, he said that the company felt reasonably confident both about 1986 and for the longer term.

BPCC shares spurt 24p

Mr Robert Maxwell, chairman of the British Printing and Communication Corporation yesterday told shareholders at the annual meeting that results for the first half of the current year "would be splendid, at least double those of the first six months of 1985."

The shares responded with a 24p jump to 292p.

In the first half of last year the group reported a pre-tax profit of £11.43m which led to a full year total at a record £41m.

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ISSUE NEWS

Thames TV begins to broadcast details of its 17m share offer

BY ALICE RAWSTHORN

THE PROSPECTUS for the stock market flotation of Thames Television, the UK's largest independent television company which has produced Minder, Edward and Mrs Simpson and the Benny Hill Show, is published today.

Thames holds the Independent Broadcasting Authority's franchise for weekday transmission in the London region. Although the bulk of its income is gleaned from the sale of advertising airtime, it has developed an additional source of income from programme sales overseas.

In the last year or so Thames has had a chequered history with a technicians' strike in the autumn of 1984, a succession of senior managerial departures through the year, an unsuccessful attempt to "poach" the soap opera Dallas from the BBC, culminating in Carlton Communications's ill-fated takeover bid last autumn.

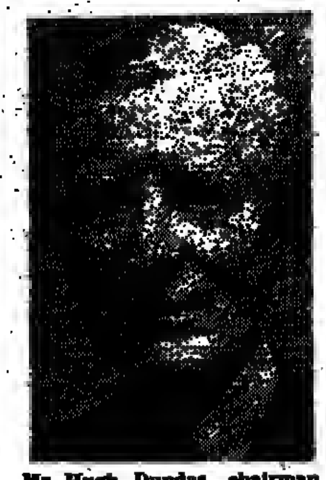
The company has drafted in a new management team however, and has begun to tackle these problems. In the last financial year, to March 31, Thames produced pre-tax profits of £14.6m on turnover of £190.9m, compared to £8.7m and £167.9m respectively in the previous year when, because of the technicians' strike and a decline in its share of ITV revenue, it made a loss on advertising sales.

The flotation will release 17m ordinary shares, or 35.6 per cent of Thames's equity, at 190p each in an offer for sale. This will value the company at £91.2m.

After the flotation Thames's joint owners, BET and Thorn-EMI, will reduce their holdings to 28.75 per cent each. Both companies have given undertakings to the IBA not to dispose of any more shares until the current franchise expires in 1991. The IBA has imposed a maximum holding of ten per cent for any other investors.

At the offer price Thames has an historic multiple of 10.9. The directors anticipate paying a dividend of 9.5p a share in the current financial year indicating a gross yield of 7.04p.

The banker to the issue — which has been underwritten — is County Bank and the joint stockbrokers are, Cazenove and County Securities. The application list will open on June 25 and dealings will begin on July 2.



Mr Hugh Dundas, chairman of Thames.

● comment

The City has long been ambivalent towards the television sector, but the Thames's management team has worked very, very hard in the last few weeks at selling itself, and the sector to the City. When Thames first mulled over plans for flotation late last year it envisaged a market capitalisation of £75m or £80m. In the intervening months City attitudes towards the television industry have softened perceptibly, particularly since the Peacock Committee recommended that the BBC should not accept advertising. In the same period Thames itself has changed beyond recognition. The new management team is now at the helm and has set about stemming the decline in advertising revenue and making its peace with the IBA. The outlook for programme sales overseas—which have baled out the domestic operation throughout this troubled period—is less benign. The new Exchequer Levy will whisk away a hefty chunk of overseas profits and the Benny Hill Show, the most profitable programme of the 1980s, is past its peak. Yet the issue, at 190p with an historic multiple of 10.9, is reasonably priced and the yield of 7.04p may be enough to convince the City to shelve its qualms about the cyclical nature of the television industry. And Thames, of all the ITV companies, is best placed to cope with its eminently marketable archives of programmes should the worst come to the worst and it loses its franchise.

Borland's £62m USM debut

BY RICHARD TOMKINS

Schroders, the merchant bank, today sponsors the flotation of another large US company on the Unlisted Securities Market with the offer for sale of 12.5m shares in Borland International, the California-based computer software house.

The shares are priced at 125p, valuing the company at £62.1m. Brokers to the issue are de Zoete & Bevan.

Five weeks ago Schroders' offer for sale of 30m shares in Mrs Fields, the Utah-based hot cookie vendor, flopped badly when 84 per cent of the stock was left with the underwriters.

Borland, however, is a technology-based company. It is one of the world's largest independent publishers of microcomputer software, ranking fourth in turnover after Lotus, Microsoft and Ashton Tate, all of the US.

It says it is coming to the London stock market because of its strong European background and because of the importance of the European market to its growth.

Borland's eight products serve four market segments — languages, business productivity, artificial intelligence and electronic reference. It says it has achieved its market position mainly through offering high quality at a competitive price.

Pre-tax profits have risen from £161,000 in the 11 months to March 1984 to £8.7m in the year to last March, with turnover rising from £1.1m to £27m.

There is no profits forecast for the current year but the directors say they are confident that sales will be substantially ahead. The shares are priced on an historic price/earnings multiple of 16.

Some 25 per cent of the enlarged equity is being sold, raising £5.2m for existing shareholders and £9.5m net for the company. Irrevocable commitments to apply for 21 per cent of the shares on offer have been received from Banque Paribas, the French bank, and Prominvest, a Belgian investment institution.

● comment

Schroders has spared no efforts to prevent Borland from being tarred with the Mrs Fields brush: the prospectus is replete with references to European connections and goes so far as to pre-empt the cynics by providing them with a hypothetical p/e calculation based on US accounting procedures. (It comes out at 17.3). From the performance point of view, Borland's record is short but impressive. It appears to have found a winning formula with its perceived value-for-money product, and although competitive pressures may eat into margins as the range expands, the vast and growing base of IBM and IBM-clone personal computers suggests a sharply rising sales trend. Recent adventures with Lexicon and Process Systems have not served to heighten investor enthusiasm over high-tech US stocks, but the price tag on Borland is undemanding against those of its longer-established rivals and leaves room enough for a warm response.

Smallbone valued at £9m

BY RICHARD TOMKINS

Smallbone, the up-market fitted kitchen supplier being floated on the USM, yesterday published the prospectus for a placing of 1.47m shares at 165p each through brokers Stock Beech. Its value at the placing price is £9.2m.

The company is a vertically integrated operation which designs, makes, sells and installs kitchens, for private individuals. Most of its customers live in the more prosperous south-east of England.

Last year it added two ranges of bedroom furniture to its three ranges of kitchens, and is now branching out into the luxury end of the bathroom market.

Pre-tax profits have risen from £24,000 in 1982 to £722,000 for the year to last February. However, the figures exclude three years of rising losses from Sheppard Day, a floor tiling company for which there was a £548,000 write-off last year. This company was liquidated in March.

Smallbone is being floated on an historic price/earnings multiple of 15.4. The placing will raise about £816,000 for existing shareholders and £1.5m net for the company.

Harris Queensway

Harris Queensway rights issue of 32.92m new ordinary shares has attracted acceptances in respect of 30.94m of the shares—about 94 per cent of the issue.

The remaining shares not taken up have been sold in the market at an average net price (after deduction of the issue price) and the expenses of sale of approximately 4.5p per share.

Public Works Loan Board rates

Effective June 18

Years	Quota loans repaid by EIP† %	Quota loans A‡ %	Quota loans at maturity§ %	Non-quota loans A* by EIP† %	Non-quota loans A* A‡ %	Non-quota loans A* at maturity§ %
1	—	—	9½	—	—	10
Over 1, up to 2	9¼	9¼	8¾	10¼	10¼	9¾
Over 2, up to 3	9	9	8¾	10	10	9½
Over 3, up to 4	8¾	8¾	8¾	9¾	9¾	9¼
Over 4, up to 5	8⅝	8⅝	8¾	9⅝	9⅝	9¼
Over 5, up to 6	8½	8½	8¾	9½	9½	9¼
Over 6, up to 7	8½	8½	8¾	9½	9½	9¼
Over 7, up to 8	8½	8½	9	9½	9½	9½
Over 8, up to 9	8½	8½	9	9½	9½	9½
Over 9, up to 10	8¾	8¾	9	9½	9½	9½
Over 10, up to 15	9	9¼	9⅛	9⅝	9½	9⅝
Over 15, up to 25	9¼	9¼	9¼	9⅝	9¾	9⅝
Over 25	9¼	9¼	9¼	9¾	9¾	9¾

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Antofagasta rights to raise £4.9m

By Terry Povey

Antofagasta Holdings, the UK listed company which operates railways, mines and water distribution services in Chile, is raising £4.85m in a one-for-six rights issue of 1.07m shares priced at 470p.

The company is 85.55 per cent owned, through Dolberg Finance, by the family of Mr A. Luksic, the chairman. In order to increase the marketability of the shares Dolberg is not intending to take up any of its rights under the issue.

According to Antofagasta it would have adequate cash resources but wishes to expand its capital base. As of December 31, the company had £4.6m in cash outside of Chile and £1.9m in long term debts mainly in US dollars. The directors of the company believe that a wider shareholding base will make acquisitions easier.

In the first four months of this year railway freight revenues increased and associated companies Aladeco and Transradio Chilena performed well.

The new shares will rank equally for all dividends after this year's interim payout. For 1986, the board intends to recommend a total dividend of at least 27.5p, unchanged on the expanded capital. After the rights issue Antofagasta proposes to split the existing £1 shares into four of 25p and has undertaken to maintain the forecast dividend on the sub-divided capital. Voting rights on the issued preference stock will be increased accordingly.

Granyte ahead

Granyte Surface Coatings, which joined the USM in December, increased its pre-tax profits from £945,000 to £1.26m in the year to February 28 1986. Turnover was up from £11.68m to £12.48m.

The total dividend is 2.1p with a final of 1.35p. Stated earnings per share improved from 5.35p to 5.88p.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1985							
1st qtr.	105.5	103.2	104.4	112.4	133.9	3,128	153.6
2nd qtr.	108.5	104.0	100	112.0	141.4	3,174	161.7
3rd qtr.	108.5	102.8	101	114.3	145.2	3,179	164.4
4th qtr.	108.4	103.5	105	116.6	177.7	3,174	168.2
October	108.2	102.9	98	115.6	140.5	3,173	172.6
November	109.7	103.7	105	117.4	164.8	3,167	170.0
December	107.4	104.1	111	117.3	210.4	3,154	162.1
1986							
1st qtr.	108.9	102.3		118.0	145.4	3,204	164.6
January	108.1	102.2	95	117.0	145.6	3,205	159.7
February	108.4	102.4	103	117.2	140.9	3,210	165.1
March	108.3	102.3		119.8	148.6	3,199	168.8
April				119.3	152.1	3,202	169.0
May				118.4		3,200	171.1

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consmr. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1985							
1st qtr.	102.1	102.5	109.9	103.3	110.1	98.6	13.8
2nd qtr.	103.2	104.4	112.6	104.9	110.0	100.4	18.6
3rd qtr.	104.8	101.9	113.3	103.3	115.0	103.5	17.1
4th qtr.	104.6	102.5	113.2	103.0	110.6	103.5	15.6
October	103.5	101.6	113.5	102.0	111.0	102.0	19.5
November	105.1	102.0	115.7	103.0	112.0	106.0	16.5
December	105.2	104.0	110.3	105.0	109.0	102.3	10.3
1986							
1st qtr.	103.1	100.6	115.6	101.6	106.3	101.3	14.5
January	102.1	100.6	114.3	101.0	106.0	101.0	13.9
February	102.4	100.5	114.4	101.0	105.0	102.0	12.7
March	103.8	100.6	116.0	102.0	110.0	101.0	16.8
April							12.1

EXTERNAL TRADE—Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1985							
1st qtr.	118.0	126.6	−1,306	−374	+1,368	96.1	13.53
2nd qtr.	120.5	124.8	−124	+1,333	+2,411	97.8	14.32
3rd qtr.	116.3	124.1	−458	+1,072	+1,900	100.2	14.18
4th qtr.	118.9	127.4	−225	+921	+1,893	101.6	15.64
October	118.8	126.0	+7	+334	+754	101.6	16.31
November	118.5	129.6	−214	+112	+640	102.2	15.98
December	119.4	127.0	−18	+475	+491	101.7	15.54
1986							
1st qtr.	117.4	126.1	−1,400	+800	+1,804	101.0	15.88
January	118.7	120.3	+155	+1,155	+887	101.7	15.60
February	120.7	125.8	−344	+256	+678	100.7	15.80
March	112.7	132.2	−1,211	−611	+330	100.7	16.25
April	122.2	121.9	−191	+400	+337	101.7	18.89
May							19.20

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP†; new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank advncs. %	BS inflow £m	HP lending† £m	Base rate %
1985							
1st qtr.	2.2	0.7	9.1	15.2	1,511	2,100	12.50
2nd qtr.	5.1	22.4	20.4	19.3	1,822	2,062	12.50
3rd qtr.	5.5	15.4	11.6	17.5	1,771	3,374	11.50
4th qtr.	1.4	25.1	17.0	17.7	2,200	3,431	11.50
October	1.5	24.9	18.8	18.7	786	1,144	11.50
November	3.0	21.5	20.4	17.6	638	1,095	11.50
December	2.7	29.1	14.2	17.0	868	1,182	11.50
1986							
1st qtr.	6.5	9.8	10.7	12.2	2,220	7,200	11.50
January	9.8	14.6	11.1	11.4	770	2,724	12.50
February	4.6	5.2	6.8	9.1	793	2,310	12.50
March	5.1	6.8	14.3	16.4	657	2,216	11.50
April	6.4	21.5	29.0	26.8	750	2,757	11.50
May					500		10.00

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* cmdty.	Strlg.
1985							
2nd qtr.	176.3	133.8	139.4	375.3	339.4	278.12	78.9
3rd qtr.	174.4	133.1	140.2	376.3	335.5	251.12	82.2
4th qtr.	176.9	132.6	141.4	378.1	337.4	n/a	79.8
October	173.9	134.7	141.9	377.1	335.5	249.46	80.4
November	176.8	132.1	141.5	378.4	337.4	n/a	80.0
December	180.0	134.7	141.9	378.9	339.4	n/a	79.1
1986							
1st qtr.	179.1	132.6	143.4	380.3	343.3	n/a	75.1
January	176.9	135.0	142.7	379.7	341.1	n/a	76.6
February	177.3	133.5	143.3	381.1	343.6	n/a	74.2
March	182.4	129.4	144.3	381.6	345.2	n/a	74.6
April	184.1	127.5	145.5	385.3	347.4	n/a	76.2
May		127.6	145.6	386.0	348.8	n/a	76.1

* Not seasonally adjusted.

† From January 1986 includes amounts outstanding on credit cards.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price	+ or —	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
§125	F.P.	24/7	138	136	♣Accord Publications 5p	138	...	Rd3.1	2.6	3.2	17.4
150	F.P.	30/6	151	138	Alumasc Group	148	...	R5.85	2.5	5.6	10.2
§130	F.P.	13/6	135	120	♣Antler 5p	120	...	a3.0	2.4	3.5	17.0
115	F.P.	11/7	180	155	Arlington Sec. 10p	180	...	b1.7	4.3	1.3	24.7
150	F.P.	20/6	161	148	Barker (Charles) 5p	150	...	u3.0	3.1	2.8	16.3
147	F.P.	4/7	140	130	Blick 5p	140	...	R3.4	3.1	3.4	13.4
145	F.P.	25/7	175	160	Bredero Props	163	—4	04.25	2.3	3.7	13.8
§60	F.P.	20/6	61½	54	♣Brit. Isl. Airways 10p	57	—2	bd2.82	2.1	7.0	7.9
§130	F.P.	4/7	167	150	♣Clarke Hooper 5p	150	...	b2.3	2.9	2.2	22.5
§125	F.P.	6/6	138	123	Comb. Lease Fin. 50p	129	...	L1.35	3.9	1.5	18.6
107	F.P.	27/6	131	113	Dalepak Foods 5p	124	...	R2.3	3.2	2.6	16.8
§155	F.P.	6/6	232	172	♣Davies (D.Y.) 5p	216	...	u3.4	2.7	2.2	23.3
§50	F.P.	11/6	62	50	♣Dean & Bowes 5p	62	...	L2.5	1.5	5.7	16.7
§130	F.P.	6/6	151	133	♣Debtor 10p	137	+4	u4.0	2.7	4.1	12.9
§58	F.P.	4/7	63	59	Densitron Intl 5p	63	...	U1.65	2.1	3.7	16.1
§99	F.P.	27/6	40	32	♣Eadie	39	+5	R1.75	2.0	6.3	9.4
120	F.P.	17/7	118	111	Evans Halshaw	117	+3	u3.38	3.1	7.0	7.7
140	F.P.	4/7	130	120	♣Fields(Mrs)Inc$0.05	120	...	RQ4.5c	2.6	2.6	15.2
—	—	—	35	27	German Secs. Warrts	32	...	—	—	—	—
150	F.P.	—	151	150	Guthri Corp	151	...	U6.3	2.2	2.8	15.7
140	F.P.	20/6	150	141	Haggas (John) 10p	142	...	ud3.0	3.2	3.0	14.7
§85	F.P.	—	93	90	♣Hodgson Hldgs 5p	91	...	02.13	2.3	3.3	16.5
120	F.P.	30/5	130	110	Ipeco Hldgs 10p	110	...	a2.7	3.3	3.5	12.5
104	F.P.	—	118	90	Jurys Hotel	102	+4	a3.75	2.1	5.2	11.3
§70	F.P.	14/5	93	80	♣Lodge Care	82	...	u2.0	2.4	3.4	17.1
145	F.P.	16/7	130	125	Lopex 5p	130	...	R4.0	2.3	4.3	13.9
§§	F.P.	—	62	49	Merlin Int'l Props	55	...	a0.58	2.0	1.5	40.7
157	F.P.	26/6	157	145	♣Monotype Corpn 10p	154	...	R4.4	1.6	4.0	15.3
165	F.P.	18/6	190	170	P.E International 10p	185	+2	1.8	3.4	1.4	29.8
§100	F.P.	27/6	105	104	♣Savage Group 20p	105	...	R3.0	2.5	4.0	13.9
—	F.P.	6/6	700	550	Schroders £1 N/V	675	...	b10.75	—	2.2	—
§72	F.P.	13/6	74	70	♣Splash Prods. 30p	70	...	u3.27	1.6	6.6	13.6
§95	F.P.	—	110	108	♣Task Force 5p	110	...	R1.78	3.8	2.3	16.3
§140	F.P.	6/6	141	117	Tech. Project Ser. 10p	115	...	u2.49	3.2	3.1	14.6
§100	F.P.	23/6	102	93	♣Ulster (Frank) 5p	93	...	u4.5	1.9	6.8	11.1
145	F.P.	20/6	160	150	Westbury 10p	160	...	R4.1	3.1	3.6	12.7
§110	F.P.	26/6	147	123	Worcester 10p	147	...	a3.93	2.2	3.7	14.5

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1986 High	1986 Low	Stock	Closing Price £	+ or —
‖	Nil	—	11pm	9pm	Amari 8% Cum. Conv. Red. Pref.	9pm	—2
§99.50	£10	28/8	9¼	9	Bristol Water 9.8% Red Deb '96	9	...
§99.256	£30	29/8	30¼	27¾	Brit. Alcan Aluminium 10⅝% Deb. 2011	28¼	—¼
¶¶	F.P.	—	99⅓	97	Brit. Emp. Secs. 10⅜% Deb. 2011	98	...
§94.203	£25	31/10	25⅝	23¾	Brixton Est. 9.5% 1st Mort Deb 2026	24¼	—¼
100	£10	14/8	10¼	8¼	Cambridge Water 10% Red Deb '96-98	8¼	—¼
109.89	£40	29/8	48	38	Estates & Gen. 11⅛% 1st Deb 2018	38	—½
‖	Nil	4/8	8pm	7½pm	Friendly Hotels 5% Conv. Cum. Red. Pref.	8pm	+½
97.963	£25	24/10	35¼	21¼	Gt. Portland 9½% 1st. Mort Deb. 2016	21½	—⅛
105.523	£25	21/8	26	21½	Land Securities 10% 1st. Mort. Deb.25	21⅞	—⅛
§99.951	£40	14/7	42	37¾	Lon. Prov. Shop 10% 1st. Mtg. Deb. 2026	37¾	—¼
§99.793	£25	24/9	24⅝	21½	Lon Shop Prop 10% 1st. Mort. Deb. 2026	22½	—⅛
100	£10	14/8	10¼	9	Mid Southern Water 10% Red Deb '95-98	9	...
—	F.P.	—	100¼	99⅞	Nationwide Bld Soc 9⅞% 18/5/87	100	¼
—	F.P.	—	100⅛	99⅞	Do 9⅞% 15/6/87	99⅞	...
§99.623	£40	30/6	41¼	36¾	Peel Hldgs. 9⅞% 1st. Mort. Deb. 2011	37	—¼
§87.179	£30	26/9	30⅝	28⅞	Portugal 9% Ln. 2016	29	—⅛
§99.888	£40	1/8	44	39½	Queens Moat 10⅛% 1st. Mort. Deb. 2020	40¼	—½
§99.480	£25	18/7	31⅛	24¼	S.E. 10⅛% Mort. Deb. 2016	25¼	—⅛
§99.50	£10	28/8	9¾	8¾	Sund. & S. Shields Wtr 9.8% Rd Db '96	8¼	—¼
§48.835	F.P.	15/8	48⅛	47⅞	Tesco 4% Uns Deep Dis Ln 2006	48	—⅛
¶¶	F.P.	—	120p	112p	Tomkins (F.H 15.6% Com. Cnv. Red. Prf	120	...
99.073	£25	8/8	25¼	23½	Toos Est. 10¼% 1st. Mort. Deb. 2011/16	23¼	—¼
¶¶	F.P.	—	104½	104p	Williams Hldgs. 5¼% Cum. Conv. Red. Pref.	104½	+½
£100	£50	12/9	50¼	47¼	Witan Inv. 8½% Deb 2016	48½	—¼
§100	£10	14/8	10¼	9	York Water 10% Red. Deb. 1996/98	9	...

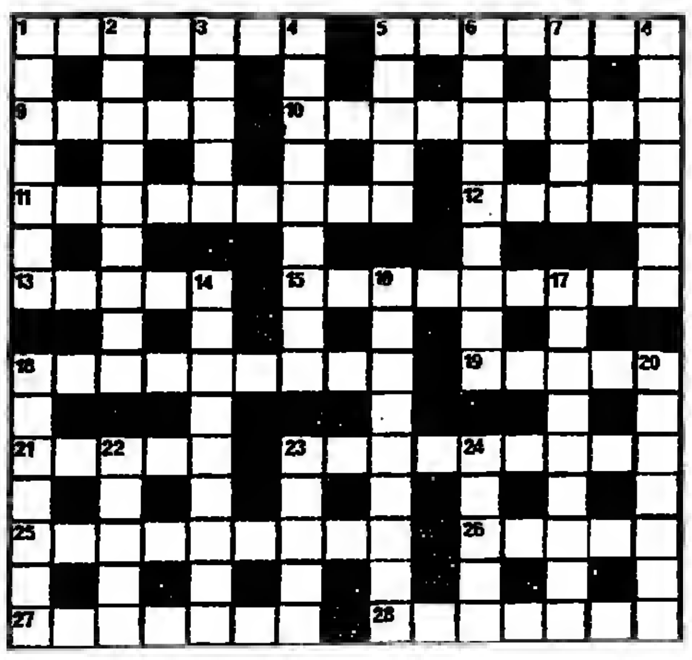
"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc Date	1986 High	1986 Low	Stock	Closing Price p	+ or —
355	F.P.	18/7	410	402	Berkeley Group	410	...
110	F.P.	11/7	139	132	Britannia Arrow	133	...
200	F.P.	4/7	375	310	Cater Allen £1	340	...
190	Nil	8/8	45pm	20pm	Clifford's Dairies	20	...
170	Nil	8/8	27pm	22pm	Do A N/V	22pm	...
30	F.P.	18/7	41	34	Feedex Agricultural 10p	36	...
47	Nil	15/8	11pm	10pm	Five Oaks Invs.	10pm	—1
300	Nil	24/7	45pm	28pm	Gerrard & Natl.	33pm	+3
225	F.P.	11/7	257	230	Harris Queensway 20p	234	+2
235	Nil	18/7	28pm	5pm	Lep. Group 2p	5pm	...
235	Nil	11/7	27pm	12pm	McCarthy & Stone 20p	18pm	—2
45	Nil	11/7	50pm	43pm	Molynx 20p	45pm	...
200	Nil	18/7	300pm	250pm	Nat West Bank £1	290pm	+17
18	Nil	23/7	5pm	1pm	Neil & Spencer 10p	5pm	+1
2	F.P.	15/7	3½	2¼	♣Property Trust 'A' 1p	3½	...
600	F.P	22/7	790	748	Prudential Corp	810	+35
½	Nil	11/7	2½pm	1¼pm	Rotaprint ½p	2½pm	...
285	Nil	—	48pm	43pm	Scottish TV 10p	45pm	+2

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. 1 Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate; cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. *** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ♣ Unlisted securities market. †† Dealt in under Rule 535 (3). ♥ Dealt in under 535 (4) (e) †† Official London listing.

F.T. CROSSWORD PUZZLE No. 6,051

HIGHLANDER



ACROSS

1 Went round wearing women's clothing (7)
5 Caught having a meal outside means ruin here (7)
9 Machinery could be delayed about an hour (5)
10 Made a mark by fighting back to tie (5-4)
11 Where attractive person might find water bed? (9)
12 Artillery one is part of the same set (5)
13 There are notes along these lines for the work force (5)
15 Slight possibility of female having accident (3, 6)
18 Fraud Squad training provided by Central area? (9)
19 Youth leader has a point: it will help the rising (5)
21 She leads by a furlong from the bunch (5)
23 Drink beer from one of the following (9)
25 Beastly and prickly, like a pig round-up (9)
26 In the confusion associated with you at one time (5)
27 Plays with the rate for operating purposes (7)
28 Skill in speaking is not very substantial (7)

DOWN

1 Old gold coin looks sound to us (7)
2 Chiefly underwater (2, 3, 4)
3 Some heat is required in the room below (5)
4 Bowl first: there's no going back—to our shame (9)
5 Good man dismissed because of drink (5)
6 Hunt early—it can be out of this world (9)
7 Cut back in order to stop a redundancy threat (5)
8 Amended manuscript about repetition in speech (7)
14 Pay entire cost of mistake in going into court too soon (9)
16 Newspapers in a democracy are not engaged to recruit soldiers (4, 5)
17 Close shave for Pole before connecting with the ground (4, 5)
18 Filthy place with septic clutter round top of sump (7)
20 Use explosive: introduce more confusion and suffering (7)
22 Republic of Ireland roundabout engineering is weird (5)
23 Set to music? (5)
24 Out and about in Paris? Rather improper! (5)

SOLUTION TO PUZZLE No. 6,050

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

AUTHORISED UNIT TRUSTS & INSURANCES

Wardley Unit Trust Managers Ltd (a)
Wardley House, 7 Devonshire Sq, EC2 01-929 1532

American Tst.	65.6	70.4xd	-0.5	1.6
Far East & Gn. Tst.	90.0	95.7	+0.6	1.0
Intl. Growth Tst.	67.4	71.8xd	-0.3	0.8
Income Tst.	79.4	85.4	+0.3	5.6
Japan Growth Tst.	107.6	115.7	+0.8	0.2
Small Cos. Tst.	117.4	126.3	+0.4	1.9
Tchnlgy. Tst.	33.9	36.4	-0.1	0.2
Australian Trust	42.1	45.3	+0.1	1.8
UK Trust	127.4	135.6xd	+0.5	2.8
European Growth Tst	48.9	52.1	-0.2	1.2
Hong Kong Tst.	20.8	22.1	+0.1	1.5

Waverley Asset Management Ltd (a) (u) (g)
13 Charlotte Sq, Edinburgh 031-225 1551

Australasian Gold	15.9	16.9	+0.1	0.15
Pacific Basin Energy	14.3	15.2	...	0.2
Canadian Based Grwth	60.1	64.2	-0.3	0.71
Gemma Mint	99.3	103.5	+0.5	7.8

WestAvon Unit Trust Managers Ltd(a)(c)
9 Portland Square, Bristol BS2 8SS 0272 428431

British Smllr Co's (z)	56.3	57.9	+0.5	1.50
British Growth (z)	65.1	66.9	+0.9	1.75
British Income (z)	63.9	65.7	+0.5	4.75
British Extra Yield(z)	51.4	52.9	...	6.50

Whittingdale Unit Trust Managers
2 Honey Lane, London EC2V 8BT 01-606 9085/6

Short Dtd Gilt Fd	60.3	67.2	+0.8	0.59
U.S. Govmnt Bond F	50.502	0.504	....	—

Windsor Trust Mngrs Ltd
83 Kingsway, London, WC2B 6SD 01-405 8331

Conwth & Equity Tst	49.2	52.4	+0.2	7.60
Growth Trust	50.4	53.7	+0.1	2.38
Income Trust	54.6	58.1	+0.3	5.03

Wright Seligman Fund Managers Ltd
11 Blomfield St, London EC2M 7AY 01-588 0592

Growth Fund	67.3	70.8xd	....	3.67

Weekly dealing day Tuesday

The Yorkshire General Trust
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250

Y.G.T.	119.0	126.7xd	+0.6	3.50

INSURANCES

Cannon Assurance Ltd—Continued

Index	113.1	119.7	-1.5	—
Far East	162.5	172.0	+0.1	—
Global	95.3	100.8	+0.3	—
European	95.6	101.2		—
Japan	97.3	103.0	+1.9	—
2nd Series Pension Accumulation				
Equity	481.8	509.8	+2.1	—
High Income	317.7	336.2	+0.9	—
Property	276.9	293.0	+0.1	—
Managed	333.7	353.1	+1.5	—
Deposit	248.1	262.5	+0.6	—
Gilt	257.4	272.4	-0.3	—
American	389.1	411.7	+4.8	—
International Money	253.3	268.0	-0.4	—
Index	123.6	130.8	-1.7	—
Far East	175.2	185.4	+0.2	—
Global	95.4	101.0	+0.5	—
European	95.9	101.5		—
Japan	98.0	103.7	+2.4	—
Other Funds				
Equity Units		65.27	+0.08	—
Property Units		21.11	+0.01	—
Equity Bond/Exec	40.82	43.20	40.05	—
Property Bond/Exec	28.46	30.12	+0.03	—
Balanced Bond/Exec	33.05	34.97	+0.10	—
L&E SIF 1	108.0	114.5	+0.5	—
L&E SIF 2	71.0	75.0		—

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh EH2 4HQ 031-225 1655

Ivory & Sime Bond	98.0	104.0		—
Risk & Reward Bond	120.0	127.0		—
Murray Johnstone Fd	116.0	123.0		—
Money Market Fd	99.0	105.0		—
Ivory & Sime Pens Fd	94.0	100.0		—
Risk & Reward Pens Fd	102.0	108.0		—
Murray Johnstone Pens Fd	114.0	120.0		—
Money Market Pens Fd	99.0	105.0		—

City of Westminster Assurance
Sentry House, 500 Avebury Boulevard, Cent Milton Keynes MK9 2LA Tel: 0908 606101/660066

Current Series				
Property Fund	111.8	117.7	....	—
Money Fund	218.3	229.8		—
Managed Fund	398.8	419.8	+0.1	—
Equity Fund	248.3	261.4	+0.3	—
Fixed Interest Fund	148.9	156.8	-0.1	—
Far East Fund	179.2	188.7	-0.8	—
North American Fund	190.3	200.4	-0.3	—
Natural Resources Fund	131.9	138.9	+1.8	—
S.U.M. Flat Fund	121.3	127.7	+0.8	—
Pension Managed Fund	372.5	392.2	-0.8	—
Pension Equity Fund	238.2	250.8	+0.4	—
PBR Fund	119.9	126.3		—

For other prices please telephone 0908 606101/660066

Clerical Medical/Fidelity International
Narrow Plain, Bristol BS2 0JH 0272 290566

INSURANCE, OVERSEAS & MONEY FUNDS

World Fund S.A.
2 Boulevard Royal, Luxembourg
World Fund NAV ... $11.66 | -0.20 | —

World Wide Growth Management◆
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd ... $16.29 | -0.15 | —
Inv Adv M. & G. Inv Mngt. Ltd, London

Yamaichi Dynamic Mngt Co SA
10a Boulevard Royal, Luxembourg
Advanced Tech ... $15.97 | -0.10 | —
Dynamic Grth Fd ... $17.01 | -0.35 | —

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268
Zero Bond Fund ... $11.66 | 12.35 | +0.17 | —

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 2 Fore Street, London EC2Y 5AQ 01-588 1815				
Deposit	9.70	—	—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST 01-236 0952				
Call Fund	9.53	7.12	10.37	6-mth
7-day Fnd	9.86	7.38	10.74	6-mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE 01-236 1425				
Call Fnd	9.36	7.00	10.03	6-Mth
7-day Fund	9.70	7.25	10.39	6-Mth
Dollar	6.01	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Chq Acc	9.25	6.60	9.62	Qtr
Aitken Hume 30 City Road, EC1Y 2AY 01-638 6070				
Treasury Acc	9.25	6.91	9.99	Qtr
Mth. Int Chq	9.25	6.91	10.04	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-283 9111				
High Int. Cheque Acc	10.5	1.85	11.46	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	9.25	6.91	10.05	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	9.50	7.10	10.3338	Qtr
Britannia Investment Services Ltd. 74-78 Finsbury Pavement, EC2A 1JD 01-588 2777				
Cash Mlen	9.50	1.10	10.3338	Mth
Charterhouse Bank Limited 1 Paternoster Row, EC4M 7DH. 01-248 4000				
Sterling	9.625	7.19	10.47	Mth
U.S. Dollar	6.25	4.67	6.27	Mth
German Marks	4.00	2.99	4.21	Mth
Swiss francs	1.50	1.12	1.59	Mth
Japanese Yen	4.50	3.36	4.01	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-741 4941				
Money Market Plus	25,000+	7.50	10.93	Mth
For other rates please 'phone our Rateline 01-846 9768				
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543				
£500-£2,500	6.69	5.00	7.18	Qtr
£2,500+	9.38	1.00	10.12	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE 0803 862271				
Money Mkt Acc	9.50	7.10	10.30	Qtr
Edward Manson & Co Ltd 9 Henrietta Place W1M 9AG 01-631 3313				
Cheque Deposit Acc	10.00	7.47	10.88	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc	9.25	6.91	10.05	Mth
Legal & General (Money Mngrs) Ltd 355 Euston Road, NW1 3AG 01-388 3211				
High Int Dep Acc	10.37	7.75	11.11	6-mth
Lloyds Bank PLC 71 Lombard St, London EC3P 3BS 01-626 1500				
HighIntCheque Account	9.00	7.20	10.42	Qtr
Lombard North Central PLC 11 Bruton St, W1A 3DH 01-409 3434				
14-Day Notice	9.75	7.47	10.52	—
M & G/Kleinwort Benson M & G Hse., Victoria Rd., Chelmsford 0245 266266				
H I C A (£2,500+)	9.31	6.96	10.12	Daily
Midland Bank plc PO Box 2, Sheffield. 0142 20999 Ext 8655				
High Int Chq Acc	9.03	6.75	9.51	Do
£10,000+	9.36	7.00	9.86	Do
NatWest Special Reserve Account 41 Lothbury, London, EC2P 2BP 01-256 9933				
£2,000 to £9,999	9.25	6.875	4.94	Qtr
£10,000 and above	9.315	1.00	10.12	Qtr
Oppenheimer Money Mngmt Ltd 66 Cannon St, EC4N 6AE 01-236 1425				
Money Mngt. Acct	8.75	—	—	3-Mth
Phillips & Drew Trust Ltd 120 Moorgate, London EC2M 6XP 01-628 9771				
High Int Chq Acc	9.625	7.19	10.41	Qtr
Provincial Trust 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
High Int Chq Acc	10.25	7.66	11.17	Mth
Royal Bank of Scotland plc 42 St Andrew Sq, Edinburgh EH2 2YE. 031-557 0201				
Premium Account	9.50	1.10	10.27	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	9.23	6.90	10.06	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol 0272 732241				
Demand Acc	9.49	7.09	10.26	Qtr
Money Acc	9.53	1.12	10.30	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc	9.25	6.41	10.04	Mth
Over £10,000	9.50	1.10	10.34	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL1 1SE 0752 24141				
High Int Chq Acc	10.00	7.48	10.83	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ⊕ Yield column shows annualised rates of NGV increase, ad as dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	28	Marks & Spencer	18
BAT	38	Midland Bk	44
BOC Grp	32	NEI	12
BSR	14	Nat West Bk	78
BTR	45	P & O Dfd	45
Babcock	20	Plessey	20
Barclays	45	Polly Peck	16
Beecham	32	Racal Elect	17
Blue Circle	55	RHM	20
Boots	26	Rank Org Ord	48
Bowaters	30	Reed Intnl	75
Brit Aerospace	48	Sears	12
Brit Telecom	17	TI	42
Brown (J.)	3	Tesco	30
Burton Ord	32	Thorn EMI	35
Cadburys	17	Trust Houses	12
Charter Cons	22	Turner Newall	18
Comm Union	28	Unilever	120
Courtaulds	26	Vickers	40
Distillers	52	Wellcome	19
FNFC	15	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs	30
Glaxo	100	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	75	Samuel Props	18
Guardian	75	**Oils**	
GKN	32	Brit. Oil & Min	2½
Hanson Tst	16	Brit Petroleum	48
Hawker Sidd	52	Burmah Oil	30
ICI	50	Charterhall	3
'Imps'	28	Premier	3½
Jaguar	27	Shell	55
Ladbroke	32	Tricentrol	15
Legal & Gen	79	Ultramar	18
Lex Service	38	**Mines**	
Lloyds Bank	55	Cons Gold	40
Lucas Inds	60	Lonrho	25
		Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

'Complacent' gold mines urged to spend more on promotion

BY STEFAN WAGSTYL

GOLD MINING companies have been urged to spend more money on promoting the metal to make sure that rising supplies do not swamp the market.

Mr Julian Baring, gold specialist at London stockbroker James Capel, yesterday told a Financial Times conference in London, that the industry was in danger of allowing complacency to overtake it at a time when the profit margin was high enough to attract many newcomers.

"Why isn't the industry doing more to protect itself against the potential fall in the gold price that this new production could bring about? . . . When you think what De Beers had achieved with diamonds it makes you wonder why the same effort is not made with gold."

Mr Baring suggested that the industry might spend 3 per cent of its annual turnover—or some $470m a year. He estimated that South African producers now spend about 1 per cent of their turnover on promotion.

Mr Baring's theme was echoed by Mr Timothy Green, a consultant to Consolidated Goldfields, who said the industry needed a radical idea to follow the success in the early 1970s of the Krugerrand, the South African gold coin which was promoted by Intergold, the sales arm of the Chamber of Mines of South Africa.

Jewellery was the key, he said. The industry had to promote high-carat gold jewellery, sold with a low mark-up from the retailer. Producers had to get away from 9 carat jewellery sold (as in England) at a premium of 300 to 400 per cent of the gold price.

Speakers at the conference were generally cautious about the future prospects for the gold price, predicting modest increases at best.

Mr Green said that, although prices might rise for a time if gold found favour with investors, he saw little prospect of an increase in real terms year in year out. "It is this very realisation that gold is going nowhere that keeps the investor at bay." Mr Baring said he expected gold to hold its value.

Mr Tom Main, assistant general manager of the Chamber of Mines, said that sluggish world economic growth, low inflation and relatively low interest rates accompanied by a declining dollar and low oil prices were not especially propitious for a bull market in gold. "I believe that the gold price will rise moderately this year but will not show a steep ascent in the short to medium term."

Dr Chris Stals, Director-General of Finance at the South African Ministry of Finance, denied suggestions that his government might be planning changes to its two-tier foreign exchange market to switch dividend payments from commercial rands to the much weaker financial rands. "I can confirm 100 per cent that it's never been considered in official circles."

FINANCIAL TIMES CONFERENCE

GOLD

Asked if the Government might make changes if Western countries imposed new economic sanctions, Dr Stals said: "It's something that one may want to consider if sanctions do become serious."

Dr Stals also denied that the South African Government planned to increase the 25 per cent tax surcharge imposed on gold mine company profits. The surcharge had been introduced as a temporary measure. "I don't know when, but the next step should be to reduce it."

Mr Robert Guy, a director of N. M. Rothschild, the London merchant and bullion bank, criticised the British Government for continuing with the imposition of 15 per cent value-added tax (sales taxe) on gold. The tax was a strong disincentive to investment and a powerful encouragement for fraud. The only practical solution was to cut the tax rate to 5 per cent, a level which would virtually eliminate fraud and stimulate sales of jewellery and sovereign coins.

Mr Guy said that the pattern of trade in the gold market had changed in recent years with investors and speculators leaving the market to be replaced by mining companies. South African companies were making fewer forward sales because of the increase in the rand price of gold and the continuing decline in their country's credit-rating. But Canadian and Australian producers were showing considerably more loterest in selling their output forward.

US admits trade war strategy

BY JAMES BUXTON IN ROME

MR RICHARD LYNG, the US agriculture secretary, publicly acknowledged for the first time to an international audience yesterday that US farm policies "will cause new concerns in world markets."

In a speech which will have done little to ease US-EEC tension over farm trade he told the World Food Council meeting in Rome that the US was "now engaging vigorously in some of the practices which we so strongly criticised in the past."

"We are in fact," he said, "determined to regain a substantial part of the agricultural exports we have lost during the past five or six years because others were unwilling to heed our complaints in the past."

He said that US agricultural exports fell from $44bn in 1981 to $27bn this year.

Mr Lyng pointed to the US 1985 Food Security Act, which will have the effect of lowering US export prices on many commodities, while raising subsidies to US farmers. It therefore makes the US a potentially more vigorous competitor in international commodities markets for agricultural commodities, with a system of farm price support not unlike that of the EEC.

Mr Lyng was addressing a ministerial session of the world Food Council, a UN body which brings together government representatives to discuss world food issues in a more reflective atmosphere than that of a negotiating session.

Mr Lyng acknowledged that in the past the US had strongly criticised "excessive protection and excessive subsidisation of agricultural trade." He said that his criticism had been aimed mainly at developed countries, "most often . . . the European Community."

Mr Lyng said he did not believe anyone was under the illusion that subsidising farmers in developed countries was healthy for the international food trade."

But he said that it was still realistic to hope that developed countries "might begin to act in unison to make world agriculture markets more open and rational."

He said that he hoped the new round of multi-lateral trade negotiations at Gatt, the General Agreement on Tariffs and Trade, would "make progress towards rules for fair and freer trade.

"Unless the developed countries co-operate to reform their agricultural policies, I see no end to the pitiless cycle of economic crises in such underdeveloped regions as Africa." The US Government was always ready to provide aid to countries facing emergencies, "or mired in long-standing situations of poverty. How much better it would be if international economic aid were part of an authentic transition to greater self-reliance and economic balance among the poorer nations."

Commodity price warning

COMMODITY PRICES are likely to continue lower in the next four to five years due to problems arising from exchange rate instability and producing countries' need to service foreign debts, ICI chief economist, Richard Freeman said in London yesterday, reports Reuter.

He told an International Rubber Study Group forum that a world surplus exists in agricultural products and minerals while prospects are for stagnant or contracting world trade.

The fall in crude oil prices will help some developing countries but those which produce oil will experience some loss in their ability to meet debt commitments, he said.

Malaysia is concerned over prospects of an increased world natural rubber surplus by 1990, Malaysian Rubber Research and Development Board official Lim Sow Ching told the forum.

Malaysia's natural rubber output is projected to increase only slightly to 1.52m tonnes by 1990 from 1.46m in 1985, he said.

Singapore tea sales down

BY P. C. MAHANTI IN CALCUTTA

THE TEA auction centre in Singapore, which was set up a few years ago with high hopes making it the world's second busiest international tea auction centre next to London suffered a further setback last year with both the volume of offerings and the value of sales declining markedly according to the annual review published by J. Thomas and Company, the Indian auctionerers who played a key part in promoting the Singapore auctions.

Export restrictions in India, which usually supplies the major part of the auction offerings were mainly responsible for the low volume of only 3,260 chests compared with 7,382 in 1984. And weak demand throughout was responsible for a 32 per cent decline in prices — from 1984s average of $3.56 a kilo to $2.41.

Oil futures trading rides high on back of Opec disarray

BY DAVID OWEN

MR T. BOONE Pickens Jnr, chief executive of Mesa Petroleum, has good reason to be thankful for the New York Mercantile Exchange's (Nymex's) crude oil futures contract. When the price slide set in late last year he was short to the tune of 9m barrels.

As oil prices have moved from the stable arena of a producers' cartel to the switchback world of a free market more and more producers have followed Mr Pickens example by turning to futures either to offset risk or to seek speculative profit.

Daily average volume across Nymex's range of energy futures contracts has almost trebled in three years, and in the first five months of 1986 the exchange on average traded the equivalent of 44.7m barrels of crude a day. That is fractionally more than average daily western world consumption in 1985.

The rate of increase has accelerated markedly since the Organisation of Petroleum Exporting Countries' meeting between December 7 and 9 in Geneva, when the oil cartel was effectively pronounced dead. Having traded a total of 3.98m contracts (1,000 barrels each) during 1985 this year's crude oil futures volume had already reached 2.94m contracts by the end of May.

But while Nymex's energy futures contracts have clearly established themselves as a success. The exchange may be going a bit far when it claims that its markets represent "the new life blood of the international oil economy."

To what extent are trends in this highly liquid but essentially paper market now regarded as indicators for the "real" world of the oil industry at large? Scarcely at all, it would seem, in the calculations of Exxon, the world's largest oil multinational. "Since the company deals in wet (physical) barrels, futures are not very useful for our operation," Mr Lawrence G. Rawl, the president said recently.

Nevertheless Nymex boasts a wide range of users. "The only major oil company not involved is Exxon" says Mr Peter Beutel, assistant director of the energy group at Rudolf Wolff Futures in New York. "It is being looked at earnestly for hedging by many producing countries including an Opec member," he adds. "We have a good cross-section of the industry participating," says Ms Rosemary T. McFadden, the Nymex president. "The majors have been in the market for some time and the larger independent producers, refiners, and users and traders are now coming."

A major oil company could hardly expect to hedge anything like its overall exposure on the Nymex markets. "It is mainly used for hedging day-to-day trading positions," said an executive at one of the multinationals. "Its handy if you buy a cargo of crude and don't know exactly what the products will be worth." But Mr Michael D. Marks, the Nymex chairman, dismisses this type of participation by oil majors as "dabbling."

The segmented nature of the global crude market has undoubtedly deterred some potential users outside America from using Nymex. The marker crude on the exchange is West Texas Intermediate (WTI). While it is accepted as the domestic standard, however, WTI does not maintain a constant price differential with, say, Brent, the European marker crude. Furthermore, as US-produced crude cannot normally be exported, arbitrage opportunities, which would normally correct any distortions, are limited. This means that anyone hedging Brent with Nymex is exposed to a changing basic risk. This may help to explain the revival of the unregulated Brent forward market since its debacle earlier this year.

It also suggests that Nymex futures are unlikely to become more than a partial indicator of conditions in physical markets outside the US.

Nevertheless, Nymex does appear to be entering into the calculations of an increasing number of spot market traders around the world. "No one would be doing business on wet barrels without considering Nymex movements in the recent past," says an executive of one major European oil company. "I have it on the screen at the moment," he added.

"People don't do anything on this side of the Atlantic before they have an idea what is happening on Nymex," maintains Mr Lawrence Goldstein of New York-based Petroleum Industry Research. "It is one of the major factors on the short-term market."

Recognition seems to be growing that, while energy futures will not reflect underlying cash markets cent for cent, they can be a useful took for spot market traders who have developed a feel for the likely short-term aberrations.

But the oil industry's confidence in futures as a reflection of physical market conditions has not reached the stage where a Nymex component is a frequent inclusion in contract pricing formulæ. "It is used in a few cases in the US," says PIR's Mr Goldstein, "but it is not a major factor."

However, with the current price outlook so uncertain physical oil traders appear to be learning to live with futures markets, as producers and consumers of many other commodities have done before. "The last remnants of resistance are going down," says Mr Goldstein. "They are beginning to understand that you have to watch Nymex, and at times use it."

THE BRENT forward market, one of the casualties of the slide in oil prices since the beginning of the year, has come back to life, writes Lucy Kellaway. About 40 cargoes a day are changing hands, compared with the two or three traded daily during February and March.

Activity is still far short of its peak level a year ago, when a daily total of 80 trades was not unusual. However the market's newfound vigour so soon after its downfall amid defaults and litigation is a clear sign the oil majors need a forward market for Brent.

This is because the market allows them both to hedge by selling forward, and to set a price that is accepted by the Oil Taxation Office.

The market in 15-day Brent is not regulated and the contracts contain loopholes through which unwilling parties can reverse. The collapse in the oil price brought about a series of defaults by traders breaking links in the chains created by multiple sales on each cargo. The producers then found that they were left with oil on their hands which they had contracted to sell at prices far higher than prevailing levels. In December, Voest Alpine, Austria's largest industrial company, withdrew from the market with losses of $150m.

One result was a move by BP to introduce tighter contracts, which require, among other things, that the buyer must put up a margin if the oil price subsequently falls.

This measure has not proved popular. Shell which has also launched a new contract recently has not imposed margin calls, but has nevertheless created a contract considerably tighter than the existing one. However, neither contract has been widely accepted by the market, and most of the trading is still being done on the old BP contract.

However, extra measures are being adopted, and for most deals an irrevocable letter of credit is required.

LONDON MARKETS

COCOA VALUES fell on the London futures markets yesterday for the eighth successive trading day as reports of new crop sales by the Ivory Coast added to the established bearish sentiment. The September position's £9 decline to £1,285.50 a tonne took the aggregate fall over the past two weeks to £79.50 a tonne. Dealers said the market's mood was uncertain ahead of next month's renewed attempt to renegotiate the International Cocoa Agreement. The coffee futures market gained ground with the September position ending £38.50 higher at £1,857.50 a tonne. In the absence of fresh fundamental news or immediate prospects for frost in Brazil's coffee belt traders attributed the rise to technically inspired buying based on chart patterns.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or −	High/low
Cash	781.5-2	−5.25	782/778
3 months	780-1	+0.25	781/775

Official closing (am): Cash 778-8.5 (778-8.5), three months 775.5-7 (770-0.6), settlement 778.5 (same). Final Kerb close: 777.5-8. Turnover: 16,500 tonnes.

COPPER

	Unoffic'l close	+ or −	High/low
Cash higher grade	950-1	+6.5	946/945
3 months grade A	956-7	+7.25	957/950

Official closing (am): Cash 944.5-5.5 (944-5), three months 951.5-2 (945.5-6.0), settlement 945.5 (945). Final Kerb close: 955.5-6.

Cash Cathodes	918-20	−8	920/918
3 months standard	935-7	+3.5	937/937

Official closing (am): Cash 918-20 (930-5), three months 935-40 (925-30), settlement 920 (935). US Producer prices 67.72 cents a pound. Total turnover 44,525 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	281-2	−7.25	280.5-280
3 months	283-3.5	−4.5	287-280

Official closing (am): Cash 280.5-1 (290.5-1), three months 280.5-1 (287.5-8.5), settlement 281 (291). Final Kerb close: 284-5. Turnover: 8,750 tonnes. US Spot: 22.5-24 cents a pound.

NICKEL

	Unofficial close(p.m.) £ per tonne	+ or −	High/low
Cash	2720-5	−22.5	2720/2720
3 months	2742-5	−1.5	2745/2725

Official closing (am): Cash 2,720-5 (2,735-40), three months 2,720-1 (2,722-5), settlement 2,725 (2,740). Final Kerb close: 2,735.40. Turnover: 1,542 tonnes.

TIN

KUALA LUMPUR TIN MARKET—Close: 14.06 (same) ringgit per kg. Unchanged.

ZINC

	Unofficial close(p.m.) £ per tonne	+ or −	High/low
High grade			
Cash	541-3	−1.25	—
3 months	544.5-5	−2.75	546/567

Official closing (am): Cash 537-8 (540-1), three months 541-2 (544.5-5.5), settlement 538 (541). Final Kerb close: 546-7. Turnover: 11,100 tonnes. US Prime Western: 38.5-41.75 cents a pound.

GOLD

Gold rose $2½ to $339-339½ on the London bullion market yesterday. The situation in South Africa appeared to have little influence on trading, with dealers turning their attention to events in the US, including the downward revision of first-quarter US GNP. Gold opened at $338¼-338¾, the day's low, and was fixed at $338.50 in the morning, and $339.16 in the afternoon. It touched a peak of $339¾-340.

GOLD BULLION (fine ounce) June 16

Close	$339-339½	(£226-226½)
Opening	$338¼-338¾	(£224½-224¾)
M'n'g fix	$338.50	(£224.618)
Aft'n fix	$339.16	(£226.424)

GOLD AND PLATINUM COINS

Kr'g'rand	$369¼-339¾	(£225¾-226¼)
½ Krug.	$178¼-179	(£112¾-119)
¼ Krug.	$90¼-91¾	(£60¼-61)
1/10 Krug.	$36¼-37¼	(£24¼-25)
Mapleleaf	$349¼-350¼	(£232¼-233¼)
Angel	$346-348	(£229½-231½)
1/10 Angel	$34½-37½	(£23-25)
New Sov.	$81-81¼	(£54-54¼)
Old Sov.	$86½-87	(£57.58)
$20 Eagle	$425-475	(£282¾-515¼)
RobiePlat	$446¼-450¼	(£296¼-300)

SILVER

Silver was fixed 1.6p an ounce higher for spot delivery in the London bullion market yesterday at 337.7p. US cent equivalents of the fixing levels were: spot 509.1c, up 1.6c; three-month 517.5c, up 1.45c; six-month 528.4c, up 1.4c; and 12-month 542.6c, up 0.65c. The metal opened at 337-338½p (508-510c) and closed at 340-341½p (510-512c).

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	337.70p	+1.55	338.5p	+3
3 months	346.50p	+1.55	346.5p	+5
6 months	353.60p	+1.80	—	—
12 months	367.95p	+1.50	—	—

LME—Turnover: 19 (37) lots of 10,000 oz.

Three months high/low 345p, final kerb 343-5p.

MEAT

Pigmeat sales: 5 (31) lots of 50 carcases, 3,250 kg.

Beef sales: 0 (2) lots of 20 sides.

PIGMEAT Month	Y'day's close	+ or −	BEEF Y'day's close	+ or −
July	102.50	−0.50	161.50	−1.50
Aug.	100.50	−0.90	185.00	−0.50
Sept.	106.50	−0.30	165.00	−1.00

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 93.93p per kg lw (−3.01). GB—Sheep 176.58p per kg est. dcw (−53.27). GB—Pigs 75.40p per kg lw (−9.06). GB—AAPP 102.16p per kg dw (+0.87).

Continued fresh selling weakened prices again but volume remained poor, reports Eastern Capital CCST.

INDICES

REUTERS

June 18	June 17	M'th ago	Year ago
1533.8	1531.3	1751.2	1794.1

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	June 17	June 16	Month ago	Year ago
Spot	124.18	124.06	—	119.85
Fut.	115.01	112.92	—	121.75

(Base: December 31 1931 = 100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	June 18 1986	+ or −	Month ago
METALS			
Aluminium			
Free Market	$1255/275	−10	$1270/280
Copper			
Cash h Grade	£950.5	+5.5	£938.25
3 mths	£956.5	+7.25	£938.5
Gold Troy oz	$339.25	+2.5	$339.5
Lead Cash	£281.5	−7.25	£244.37
3 mths	£283.25	−4.5	£250.12
Nickel			
Free Mkt	186/205c	—	188/205c
Palladium oz	$110.70	+0.70	$107.95
Platinum oz	$434.75	+5.75	$404.00
Quicksilver†	$210/220		$229/239
Silver troy oz	337.70p	+1.55	324.60p
3 months	345.60p	+1.55	332.90p
Tin			
free mkt	£3800/4850	−10	£3540/55
Tungsten	$58.75	−0.4	$59.13
Wolfram 22.0lb	$48/50		$46.55
Zinc	£542	−1.25	£463.6
3 months	£544.75	−2.75	£474.5
producers	$840		$700/750
OILS			
Coconut (Phil)	$265.5y	+1.5	$237.5
Palm Malayan	$247.5z		$242.5
Copra Phil	$160u		$145
Soyabean (U.S.)	$152y		$160
GRAINS			
Barley Fut.Sept.	£97.85	+0.55	£97.90
Maize	£134.85		£132.00
Wheat Fut Sept.	£99.05	+0.55	£114.55
No. 9 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Sept	£1285.5	−9	£1301
Coffee Ft. Sept	£1857.5	+38.5	£1992.5
Cotton A Ind.*	41.00c	−0.15	44.95c
Gas Oil Aug.	$116.5	−4.25	$134.75
Rubber(kilo)	57.5p	+0.5	58p
Sugar (raw)	$152.5y	+3.5	$171
Wooltops 64s	410p kilo		425p kilo

‡ Unquoted. † Per 75-lb flask. c Cents per pound. x July. u June-July. y July-August. * Cotton Outlook.

COCOA

Opening £10 steadier, as due, futures later met trade hedge selling and eased to close near the lows of the day. Producers met the market early in the day while consumers re-entered on a scale-down buying basis at levels eased, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or −	Business Done
July	1260-1261	−19.0	1285-1258
Sept.	1285-1286	−9.0	1308-1283
Dec.	1323-1324	−9.0	1345-1321
March	1355-1356	−9.5	1377-1355
May	1373-1374	−10.5	1384-1375
July	1389-1393	−10.0	1411-1390
Sept.	1407-1409	−9.5	1427-1408

Sales: 3,576 (4,645) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for June 17: 86.10 (88.02); five-day average for June 18: 87.28 (87.59).

COFFEE

Physical interest kept the market buoyant with trade buying evident throughout the day. In light volume the market made gains of up to £42 and closed near the highs. Sellers appeared reluctant in the wake of renewed physical offtake, reports Drexel Burnham Lambert.

COFFEE	Yesterday Close	+ or −	Business Done
July	1819-1826	+41.5	1822-1789
Sept.	1857-1858	+38.5	1862-1825
Nov.	1892-1895	+40.0	1898-1860
Jan	1920-1925	+33.0	1925-1900
Mar.	1938-1948	+24.0	1945-1919
May	1945-1960	+22.5	1965-1942
July	1950-1980	+25.0	

Sales: 4,817 (3,792) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for June 17: Comp daily 1979 151.30 (149.64): 15-day average 155.89 (156.92).

SOYABEAN MEAL

Forward positions remained steady on continued professional buying while nearby positions were weaker on commercial selling, reports Muirpace.

	Latest close £ per tonne	+ or −	Business Done
June	122.5-124.8	−0.50	123.0
August	124.0-124.5	−0.50	124.5-124.1
October	124.5-125.0	+0.50	124.5
Dec.	125.0-125.5	+1.00	125.0-124.5
Feb.	128.0-129.0	+0.50	—
Apr.	128.5-129.0	+1.00	—
June	129.0-129.5	+1.00	—

Sales: 325 (42) lots of 20 tonnes.

GRAINS

July wheat saw one shipper cross 100 lots at 25p up. Flat trades were limited to book-squaring. New crop wheat was steady on country and shipper buying interest. Trade was dominated by shipper to shipper spreading in Sept-Nov positions. New crop barley, in comparison, was neglected and rose 40-50p on mixed buying, reports T. G. Roddick.

WHEAT Mnth	Yesterday close	+ or −	BARLEY Yesterday close	+ or −
July	111.25	+0.25		
Sept.	99.05	+0.55	97.85	+0.55
Nov.	101.90	+0.35	101.25	+0.45
Jan	105.00	+0.35	104.35	+0.45
Mar.	107.40	+0.35	106.90	+0.45
May	109.65	+0.25	108.10	+0.45

Business done—Wheat: July 111.25, Sept 99.10-9.00, Nov 102.00-1.90, Jan 105.10-5.00, Mar 107.50-7.40, May 109.65-9.60. Sales: 535 lots of 100 tonnes. Barley: Sept 97.80, Nov 101.25-1.00, Jan 104.35, Mar 106.90, May untraded. Sales: 39 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring no 1 15 per cent July 96.50, Aug 96.00, Sept 96.00 transhipment east coast. US no 2 soft red winter July 87.00, Aug 88.00, Sept 88.50. EEC first-half June 130.60. English feed fob Sept 100.00-101.00, Oct 102.50-103.00, Oct-Dec 105.00-106.00, Jan-Mar 110.50-111.00 buyer/sellers. Maize: US no 3 yellow/French transhipment east coast June 134.50. Barley: English feed fob June 114.00, July/Aug 98.50 buyer, Aug 98.00-98.50, Sept 99.00-100.00, Oct-Dec 105.00-106.00, Jan-Mar 116.00-111.00 buyer/sellers.

HGCA—Locational ex-farm spot prices. Feed barley: N East 114.20. The UK monetary coefficient for the week beginning Monday June 23 is expected to be unchanged.

SUGAR

LONDON DAILY PRICE—Raw sugar $152.50 (£101.00), up $3.50 (up £2.00), a tonne for July-August delivery. White sugar $181.00.

New buying of whites from India, Egypt, Pakistan and Iraq kept prices steady, reports C. Czarnikow.

No. 6 Contract	Yesterday close	Previous close	Business done
	$ per tonne F.O.B.		
Aug	148.4-148.8	145.0-146.8	149.0-145.0
Oct	156.4-156.4	153.5-154.8	157.2-152.0
Dec	180.0-181.8	167.8-169.8	—
Mar	167.8-168.0	165.8-165.4	169.0-164.9
May	171.4-172.4	168.2-168.8	169.8
Aug	175.4-176.4	174.0-174.8	175.4-175.2
Oct	180.0-181.4	177.8-178.8	—

Sales: 1,979 (2,087) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £206.00 (£101.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for June 17: Daily price 5.99 (6.15); 15-day average 6.71 (6.79).

PARIS—(FFr per tonne): Aug 1281-1285, Oct 1323-1325, Dec 1339-1350, Mar 1395-1401, May 1430-1445, Aug 1460-1475.

POTATOES

Follow-through buying on the opening lifted values which reached £128.50, basis April. A suggestion of rain at the weekend was sufficient to encourage profit-taking and fresh selling during the afternoon, with prices closing with losses on the day all round, reports Coley and Harper.

Month	Yesterdays close	Previous close	Business done
	£ per tonne		
Nov	90.50	99.50	94.00-90.50
Feb	100.00	101.50	
Apr	121.20	124.70	128.50-121.20
May	131.50	137.50	—
Nov	87.50	87.50	—

Sales: 1,301 (1,257) lots of 40 tonnes.

Earlies—July 86.50, −2.50, Aug 87.50, −2.50, Sept 62.50, −6.00. Sales: Nil lots of 10 tonnes.

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo			
July	616/618	612/616	615/618
Oct.	677/680	681/676	676/677
Jan.	696/700	700/697	698/700
April	759/760	755	756/765
July	694/705	699.5	695/710
Oct.	750/775	770	750/775
Jan.	790/855	—	820/840
Apr.	950	—	935/965
BFI.	649.6	—	650.0

Turnover: 78 (76).

	Close	High/Low	Prev.
Tankers			
June	1165/1180	1170	1125/1250
July	1100/1180		1200
Aug	990/1030	1050	1000/1040
Sep	1060/1125	—	1060/1125
Dec	1060/1200	—	1125/1250
Mar	1130/1200	—	1200
BTI	1191	—	1181.0

Turnover: 38 (46).

RUBBER

PHYSICALS — The London market opened steadier, attracted no interest and closed neglected, reports Lewis and Peat. Closing prices (buyers): Spot 57.50p (57.00p); July 58.25p (56.75p); August 58.25p (58.00p). The Kuala Lumpur fob price (Malaysian cents per kg): RSS No. 1 was 205.0 (204.0) and SMR 20 184.5 (same).

FUTURES—Index 558, July 558-560, July-Sept 555-558, Oct-Dec 562-565, Jan-March 582-586, April-June 577-581, July-Sept 579-583. Sales: 3.

US MARKETS

NEW YORK COFFEE advanced again mainly due to a positive technical situation to finish $1.30 up in the spot July position, reports Heinold Commodities. A positive morning in London— and short-covering early in the session prompted more speculative and commission house buying with the trade selling scale-up. Rumours about possible crop damage in Brazil shortly before the close triggered high stops and led to panic buying on the close. Precious metals closed mainly unchanged after a short rally after the resignation of Mexican finance minister Silva Herzog. A statement by Mr Volcker, the Federal Reserve chairman, eased the tension, which also affected the Chicago treasury bond market. Continued nervousness over expected interest rate cuts, sluggish US economy and disappointing US GNP figures unsettled dealers preventing any new direction.

NEW YORK

ALUMINIUM 40,000lb, cents/lb

	Close	High	Low	Prev
June	53.65	—	—	54.20
July	53.65	54.20	53.60	54.20
Aug	53.65	—	—	54.20
Sept	53.65	54.15	53.70	54.15
Dec	54.80	—	—	54.55
Jan	54.20	—	—	54.65
March	54.35	—	—	54.80
May	54.45	—	—	54.90
July	54.55	—	—	55.00
Sept	54.65	—	—	55.10

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
July	1672	1680	1670	1709
Sept	1733	1765	1730	1778
Dec	1781	1830	1790	1840
March	1843	1878	1840	1888
May	1878	1900	1886	1923
July	1910	1923	1920	1953
Sept	1920	1940	1920	1965

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
July	187.57	187.90	181.07	180.07
Sept	190.88	191.00	184.50	183.25
Dec	190.32	190.32	186.50	186.32
March	193.50	193.50	188.50	188.60
May	195.00	195.00	192.50	191.00
July	196.89	196.89	193.00	192.89
Sept	201.25	—	—	197.25

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
June	63.15	—	—	63.30
July	63.30	63.65	63.25	63.45
Aug	63.45	—	—	63.60
Sept	63.55	63.80	63.50	63.70
Dec	63.80	64.20	63.75	64.05
Jan	63.90	—	—	64.15
March	64.15	64.45	64.35	64.40
May	64.35	—	—	64.60
July	64.55	65.00	64.80	64.80
Sept	64.80	—	—	65.05

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
July	66.88	67.15	66.75	67.15
Oct	33.25	33.50	33.09	33.09
Dec	33.68	33.94	33.36	33.31
March	34.20	34.25	33.82	33.85
May	34.55	34.80	34.42	34.46
July	35.31	36.10	35.10	35.17
Oct	36.23	36.10	36.10	36.20

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	High	Low	Prev
July	13.66	13.78	13.50	13.74
August	12.98	13.24	12.90	13.24
Sept	12.89	13.10	12.78	13.19
Oct	12.89	13.10	12.83	13.14
Nov	12.96	13.15	12.85	13.18
Dec	13.02	13.28	12.95	13.22
Jan	13.00	13.20	12.95	13.20
Feb	13.00	13.00	13.00	13.10
March	13.00	13.00	13.00	13.16
April	13.00	13.14	13.14	13.14

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
June	337.8	339.2	338.2	336.7
July	339.1	—	—	339.4
August	340.5	342.1	340.3	339.3
Oct	343.5	345.1	343.7	342.3
Dec	346.8	348.3	346.5	345.8
Feb	350.4	351.7	350.4	349.1
April	353.8	354.8	354.7	352.5
June	357.2	358.5	357.7	355.6
August	361.0	362.5	361.5	359.7
Oct.	364.8	366.0	365.3	363.5
Dec	368.9	370.3	369.0	367.7
Feb	373.2	374.5	374.5	371.9
April	377.6	—	—	376.2

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
July	37.25	37.50	36.90	37.62
August	37.95	38.40	37.60	38.53
Sept	38.90	39.30	38.65	39.43
Oct	39.90	40.25	39.55	40.37
Nov	40.80	40.80	40.50	41.06
Dec	41.60	41.65	41.00	41.65
Jan	41.85	42.00	41.90	42.15
Feb	42.00	42.50	42.00	42.15
March	40.85	40.35	40.00	40.15
April	38.35	38.35	38.35	38.15

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
July	103.50	103.50	100.30	101.55
Sept	103.50	103.50	101.30	100.70
Nov	104.80	104.90	103.00	102.75
Jan	105.80	106.00	104.65	104.75
July	106.40	106.45	105.50	106.00
Sept	107.00	107.10	107.00	106.60

PLATINUM 5 troy oz, $/troy oz

	Close	High	Low	Prev
June	432.6	434.5	432.5	433.4
July	434.1	438.0	432.0	434.4
Oct	438.8	442.5	436.5	438.4
Jan	441.9	445.0	441.5	441.5
April	445.1	448.0	446.0	444.4
July	448.6	—	—	447.9

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
June	506.9	—	—	506.2
July	508.0	513.5	507.5	507.6
Aug	511.1	514.0	513.0	510.5
Sept	514.3	520.0	513.5	513.6
Dec	523.4	529.0	522.5	522.9
Jan	526.5	—	—	526.0
March	532.5	537.0	533.5	532.6
May	538.7	542.0	540.0	538.2
July	545.0	550.0	547.0	544.5
Sept	551.9	556.0	555.9	551.4

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
July	6.53	6.56	6.30	6.32
Sept	6.74	6.57	6.51	6.52
Oct	6.99	7.02	6.73	6.79
Jan	7.17	5.97	6.94	6.97
March	7.52	7.55	7.29	7.36
May	7.68	7.70	7.48	7.55
July	7.85	7.86	7.85	7.69
Sept	7.98	—	—	7.83
Oct	8.08	7.81	7.80	7.90

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
June	55.57	56.15	54.90	55.30
Aug	53.70	53.90	52.20	52.45
Oct	52.77	52.85	51.10	51.45
Dec	54.65	54.80	53.65	54.10
Feb	53.45	53.45	52.35	53.17
April	54.90	55.10	54.00	55.05
June	55.70	55.70	55.40	55.60

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
June	56.75	56.85	55.05	55.45
July	52.42	52.50	50.85	51.30
Aug	49.45	49.50	48.07	48.47
Oct	43.90	44.00	42.90	43.15
Dec	44.55	44.60	43.60	43.60
Feb	43.47	43.50	42.75	42.77
April	39.50	39.50	38.85	39.02
June	41.40	41.40	40.80	40.97
July	41.47	41.47	41.25	41.20

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	High	Low	Prev
July	233.0	234.0	231.4	231.4
Sept	197.6	198.8	197.2	197.2
Dec	191.0	192.2	190.6	191.2
March	200.2	201.4	200.0	200.4
May	204.2	205.6	204.2	204.6
July	204.8	206.4	204.4	205.2
Sept	196.4	197.4	196.4	196.4

PORK BELLIES 38,000lbs, cents/lbs

	Close	High	Low	Prev
July	70.70	70.70	67.20	60.70
Aug	69.25	69.25	65.75	67.25
Feb	60.62	60.60	58.67	59.70
March	59.40	59.90	58.60	59.20
May	61.27	61.27	60.25	61.27
July	60.50	—	—	60.50

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
July	531.0	531.6	528.4	527.4
Aug	523.0	524.2	520.6	520.2
Sept	510.4	513.4	509.0	508.2
Nov	506.6	510.0	504.2	505.2
Jan	516.0	518.4	513.6	513.4
March	524.4	527.2	523.0	523.6
May	530.6	533.0	528.4	529.6
July	533.0	536.0	531.0	532.4
Aug	532.0	—	—	531.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
July	150.3	150.4	149.2	149.4
Aug	148.2	148.4	147.4	147.4
Sept	146.3	146.5	145.8	146.2
Oct	144.6	145.3	143.6	144.5
Dec	146.8	146.0	145.5	146.4
Jan	148.0	148.7	147.5	148.0
March	150.5	—	—	150.5
May	153.5	—	—	154.0
July	155.5	—	—	157.0

SOYABEAN OIL 60,000 lbs, cents/lbs

	Close	High	Low	Prev
July	16.87	17.04	16.81	16.79
Aug	17.06	17.19	16.96	16.93
Sept	17.15	17.33	17.08	17.08
Oct	17.20	17.35	17.08	17.15
Dec	17.56	17.73	17.48	17.55
Jan	17.65	17.87	17.65	17.62
March	17.97	18.15	17.95	17.92
May	18.37	—	—	18.40
July	18.65	18.65	18.60	18.60

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
July	243.0	245.6	243.0	242.2
Sept	244.5	246.4	243.6	243.2
Dec	252.6	254.0	251.4	251.6
March	252.0	253.6	251.2	251.2
May	242.0	244.0	242.0	242.0
July	231.0	233.4	231.0	230.6

SPOT PRICES—Chicago loose lard 11.50 (10.50) cents per pound. Handy and Harman silver bullion 610.0 (607.0) cents per troy ounce.

OIL

In the petroleum products market gas oil was sharply down on weak futures markets. Naphtha was static on thin trade. Heavy fuel was quiet with Rotterdam barges still weak. A quiet 15-day Brent market saw most interest in spread deals, with July/August differential narrowing from 20c to 12c by the close. NyMex WTI opened 9c down and traded thinly finishing 11c down by 1.30 pm EDT—Petroleum Argus, London.

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—July		
Arab Light	—	—
Arab Heavy	—	—
Dubai	10.20-10.30	−0.0
Brent Blend	13.10-13.20	−0.05
W.T.I. (1pm est)	13.60-13.65	−0.06
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	168-170	—
Gas Oil	115-116	−2
Heavy fuel oil	64-66	—
Naphtha	113-114	—

Petroleum Argus estimates.

GAS OIL FUTURES

Month	Yest'rday's Close	+ or −	Business Done
	$ US per tonne		
July	116.50	−3.25	118.50-15.50
Aug	116.50	−4.25	119.25-15.50
Sep	116.75	−4.75	121.00-19.75
Oct	118.50	−5.50	123.25-18.50
Nov	124.00	−0.50	126.50-24.00
Dec	124.00	−3.75	127.00-24.00
Jan	128.00	—	128.00

Turnover: 1,654 (1,513) lots of 100 tonnes.

One day waterways licence introduced

THE BRITISH Waterways Board has introduced a one-day licence to encourage boat owners to use its 2,000-mile network.

Waterway explorer licences will cost £2 for a powered boat, and £1 for rowing boats and dinghies. The board has also launched a safety leaflet and video entitled Be Water Wise.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Volcker aids dollar recovery

The dollar recovered from early weakness on the foreign exchanges yesterday, and finished little changed. The main factors influencing trading were the revision to first quarter US gross national product growth and warnings from US officials about the implications of a weaker dollar. Fears about the impact on the US banking system, from a possible default by Mexico on its foreign debts, following the replacement of Mr Jesus Silva Herzog, Mexican Finance Minister, depressed the dollar initially, but Mr Paul Volcker, chairman of the Federal Reserve Board, said later that he expects no change in Mexican policy. This helped the dollar recover, as well as Mr Volcker's warnings of a further dollar decline, and about rapid monetary expansion. He was giving testimony before a US Congressional subcommittee. Similar comments about the dollar, made overnight, by Mr James Baker, US Treasury Secretary, pushed the dollar down in Tokyo. Both Mr Volcker and Mr Baker called for faster growth by Japan and West Germany.

With attention now focused on US second quarter growth, the downward revision of first quarter GNP to 2.9 per cent from 3.7 per cent had only a limited impact.

The dollar closed unchanged at DM 2.2405 and SFr 1.85. It eased to Y167.60 from Y167.75, but improved to FFr 7.1450 from FFr 7.14. On Bank of England figures the dollar's exchange rate index rose to 116.1 from 115.5.

STERLING — Trading range against the dollar in 1986 is 1.5555 to 1.3700. May average 1.5202. Exchange rate index was unchanged at 75.6, compared with 78.4 six months ago.

Sterling attracted little attention, and was generally on the sidelines. It lost 10 points to $1.5000-1.5010, and also declined to DM 3.3625 from DM 3.3650; to SFr 2.7750 from SFr 2.7775; and to Y251.50 from Y251.75, but was unchanged at FFr 10.72.

D-MARK — Trading range against the dollar in 1986 is 2.4710 to 2.1640. May average 2.2295. Exchange rate index 134.8 against 130.4 six months ago.

The D-mark was volatile against the dollar in Frankfurt, and finished below the Monday close. The market was closed on Tuesday for a national holiday in West Germany. The Bundesbank did not intervene yesterday when the dollar was fixed at DM 2.2290, compared with DM 2.1949 Monday. Trading was generally quiet, ahead of the revised US GNP figure, but then reacted to Mr Volcker's testimony before a US Congressional subcommittee. With German money supply growing outside the official target range, and the D-mark still around the bottom of the EMS, no change is expected in monetary policy at today's Bundesbank council meeting. After Monday's cut in French interest rates the French franc came off its ceiling against the D-mark at yesterday's Frankfurt fixing. The dollar closed in Frankfurt at DM 2.24025, compared with DM 2.20 on Monday.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.70 to 161.05. May average 167.01. Exchange rate index 205.6 against 177.2 six months ago.

The yen showed little change against the dollar in Tokyo yesterday, but improved from the New York close. The dollar finished at Y166.70 in Tokyo, compared with Y166.80 on Tuesday, and Y167.95 overnight in New York. The US currency opened at a high of Y167.93, and fell to a low of Y166.45.

£ IN NEW YORK

June 18	Latest	Prev. close
£ Spot	$1.4985-1.5060	$ 1.5050-1.5060
1 month	0.37-0.36pm	0.57-0.56pm
3 months	1.09-1.00pm	1.04-1.02pm
12 months	3.30-3.15pm	3.15-3.08pm

Forward premiums and discounts apply to the US dollar

POUND SPOT—FORWARD AGAINST POUND

June 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4955-1.5130	1.5000-1.5010	0.38-0.35c pm	2.92	1.06-1.01 pm	2.76
Canada	2.0879-2.0937	2.0900-2.0910	0.28-0.18c pm	1.32	0.60-0.45 pm	1.00
Nethlnd.	3.76¼-3.79¼	3.78-3.79	1¼-1c pm	3.57	3⅝-3½c pm	3.67
Belgium	68.41-68.85	68.50-68.60	20-14c pm	2.88	50-41 pm	2.65
Denmark	8.23¼-8.33¼	8.30¼-8.30¾	3⅝-2⅝ore pm	2.53	6⅝-5⅝ pm	1.97
Ireland	1.1040-1.1090	1.1070-1.1080	0.10-0.02p pm	0.65	0.20-par pm	0.36
W. Ger.	3.34½-3.37¾	3.35¾-3.36¾	1⅝-1⅜pf pm	5.26	4½-4⅜ pm	5.20
Portugal	225.23-227.72	225.25-226.85	95-250c dis	−9.17	280-765dis	−9.08
Spain	214.46-216.46	216.15-216.45	50-85c dis	−3.78	140-190 dis	−3.07
Italy	2296½-2313	2304½-2305½	2-7lire dis	−2.34	9-16 dis	−2.17
Norway	11.43¾-11.48¾	11.45-11.46	3⅝-4⅞ore dis	−4.25	12¾-13¾dis	−4.47
France	10.67¾-10.76	10.71½-10.72½	2⅝-2⅜c pm	2.65	6⅝-6 pm	2.37
Sweden	10.85-10.87¾	10.85-10.86	¼-1¾ore dis	−1.03	1-2 dis	−0.55
Japan	250½-252	251-252	1¼-1y pm	5.36	3⅝-3 pm	6.01
Austria	23.52-23.66	23.63-23.68	10⅝-9¼gro pm	5.01	28½-25½ pm	4.54
Switz.	2.75⅜-2.78⅜	2.77-2.78	1¼-1c pm	4.86	3½-3⅜ pm	4.64

Belgian rate is for convertible francs. Financial franc 69.25-69.35. Six-month forward dollar 1.95-1.90c pm. 12-month 3.30-3.15c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

June 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4955-1.5130	1.5000-1.5010	0.38-0.35c pm	2.92	1.06-1.01 pm	2.76
Ireland†	1.3493-1.3686	1.3520-1.3530	0.40-0.20c pm	2.66	1.00-0.65 pm	2.42
Canada	1.3865-1.3923	1.3910-1.3920	0.17-0.20c dis	−1.60	0.59-0.64dis	−1.77
Nethlnd.	2.4980-2.5300	2.5215-2.5225	0.19-0.16c pm	0.84	0.63-0.58 pm	0.96
Belgium	45.30-45.85	45.65-45.75	1 pm-1 dis	—	1 pm-3 dis	0.09
Denmark	8.23½-8.33¼	8.30¼-8.30¾	par-0.50ore dis	−0.36	1.35-1.85dis	−0.77
W. Ger.	2.2150-2.2470	2.2400-2.2410	0.49-0.46pf pm	2.56	1.40-1.35 pm	2.47
Portugal	150¾-151¾	151½-151¾	100-200c dis	−11.94	275-600dis	−11.60
Spain	141.90-143.70	143.40-143.50	80-100c dis	−7.57	190-240 dis	−6.03
Italy	1521-1541	1535¼-1535¾	5½-8lire dis	−5.30	17-20½ dis	−4.91
Norway	7.57½-7.64	7.63¼-7.63¾	4.35-4.75ore dis	−7.18	13.6-14.0dis	−7.26
France	7.07½-7.16	7.14¼-7.14¾	0.10-0.20c dis	−0.25	0.55-0.75dis	−0.36
Sweden	7.19-7.24½	7.23¼-7.23¾	2.20-2.40ore dis	−3.83	5.85-6.05dis	−3.28
Japan	166.20-168.00	167.55-167.65	0.34-0.29y pm	2.27	0.98-0.93 pm	2.29
Austria	15.58¼-15.78¼	16.75¾-16.76¼	3-2gro pm	1.91	9-5 pm	1.91
Switz.	1.8250-1.8650	1.8495-1.8505	0.321-0.26c pm	1.86	0.93-0.88 pm	1.96

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 46.15-46.25.

EXCHANGE CROSS RATES

Jun. 18	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.501	3.363	251.5	10.72	2.775	3.785	2305.	2.093	68.55
$	0.666	1.	2.241	167.6	7.145	1.850	2.522	1535.	1.396	45.70
DM	0.297	0.446	1.	74.80	3.188	0.826	1.126	685.5	0.622	20.39
YEN	3.976	5.966	13.37	1000.	42.62	11.03	15.06	9166.	8.328	272.6
F Fr.	0.933	1.400	3.137	234.6	10.	2.589	3.531	2150.	1.952	63.95
S Fr.	0.360	0.541	1.818	90.63	3.863	1.	1.364	830.6	0.754	24.70
H Fl.	0.264	0.396	0.888	66.45	2.832	0.733	1.	609.0	0.553	18.11
Lira	0.434	0.651	1.459	109.1	4.651	1.204	1.642	1000.	0.908	29.74
C $	0.478	0.717	1.607	120.2	5.122	1.326	1.808	1101.	1.	32.76
B Fr.	1.459	2.189	4.905	366.6	15.64	4.048	5.522	3363.	3.053	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

June 18	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	9½-9⅝	9⅞-10	9⅞-10	9¾-9⅞	9⅝-9⅝	9½-9⅝
U.S. Dollar	6⅞-7	6⅞-7⅛	6⅞-7	6⅞-7	6⅞-7	7-7⅛
Can Dollar	8¼-8⅝	8⅜-8⅝	8⅜-8⅝	8½-8¾	8⅜-8⅞	8¾-9
D Guilder	6½-6¾	6⅜-6⅝	6⅛-6¼	6-6⅛	5⅞-6⅛	6⅜-6¾
Sw. Franc	1¾-2	1½-1¾	5-5⅛	5-5⅛	4⅞-5	4⅞-5
Deutschmrk	4½-4⅝	4½-4⅝	4½-4⅝	4½-4⅝	4⅝-4¾	4⅝-4¾
Fr. Franc	7-7⅛	7-7⅛	7⅛-7⅜	7⅛-7⅜	7¼-7⅜	7⅜-7½
Italian Lire	10½-13	11-12½	11½-12¼	11⅜-11⅞	11⅜-11¾	11½-11⅞
B.Fr. (Fin)	6¾-7	7-7¼	7⅛-7⅜	7⅛-7⅜	7¼-7½	7¼-7½
B.Fr. (Con)	6¾-7¼	7-7½	7-7½	7-7½	7-7½	7-7½
Yen	4⅝-4¾	4⅛-4⅜	4⅛-4⅜	4⅛-4⅜	4⅝-4⅞	4⅝-4¾
D. Krone	6½-9	8⅝-8⅞	8⅝-8⅞	8¼-8¾	8¼-8¾	8¼-8¾
Asian $ (Sing)	6⅞-7⅛	6⅞-7⅛	6⅞-7⅛	6⅞-7	6⅞-7	7-7⅛

Long-term Eurodollars: two years 7½-7¾ per cent; three years 8¼-8½ per cent; four years 8¼-8½ per cent; five years 8½-8¾ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

CURRENCY MOVEMENTS

June 18	Bank of England Index	Morgan Guaranty Change %
Sterling	75.6	−15.7
U.S. dollar	116.1	+6.7
Canadian dollar	79.5	−16.4
Austrian schilling	165.6	+7.1
Belgian franc	95.3	−7.0
Danish Kroner	85.7	−1.1
Deutsche mark	134.8	+14.8
Swiss franc	158.6	+16.9
Guilder	124.8	+9.2
French franc	68.9	−10.6
Lira	46.0	−17.9
Yen	205.6	+81.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

June 18	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.774482	0.641576
US $	6½	1.16659	0.966874
Canadian $	8.79	*	1.34922
Austria Sch	4	18.2793	15.1216
Belgian Fr	8	53.0565	43.8574
Danish Kr	7	9.64828	7.96946
D'mark	3½	2.60085	2.14646
Guilder	4½	2.92681	2.41826
French Fr	8½	8.28671	6.85824
Lira	12	1782.69(†)	1472.55
Yen	3½	195.580	161.004
Norway Kr.	8	8.86492	7.34099
Span'h Pta.	—	166.373	137.441
Swedish Kr	8	8.40820	6.96633
Swiss Fr.	4	2.14536	1.77489
Greek Drch	20½	164.408	106.033
Irish Punt	—	0.856078(†)	0.707814

* C$/SDR rate for June 17: 1.62438; (†): Rate for June 16.

OTHER CURRENCIES

June 18	£	$
Arg'tina	1.3050-1.3066	0.8700-0.8710
Aus'alia	2.1715-2.1775	1.4425-1.4446
Brazil	20.62-20.76	13.77-13.84
Finland	7.7960-7.8178	5.1690-5.1960
Greece	210.18-213.86	139.40-141.74
H'kong	11.7060-11.7180	7.8070-7.8090
Iran	118.00*	79.00*
Kuwait	0.4405-0.4410	0.29396-0.29405
Lux'burg	68.50-68.60	45.65-45.75
Malaysia	3.9280-3.9380	2.6200-2.6250
N'Z'land	2.7910-2.8110	1.8570-1.8625
Saudi Ar.	5.6255-5.6310	3.7505-3.7015
Sin'pore	3.3385-3.3435	2.2245-2.2265
S Af. (Cm)	3.5530-3.5810	2.3475-2.3530
S.Af. (Fn)	6.0665-6.3076	4.0405-4.2105
U.A.E.	5.5080-5.6180	3.6720-3.6740

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu June 18	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	43.6761	43.8574	+0.42	+0.57	±1.5368
Danish Krone	7.91896	7.96946	+0.64	+0.79	±1.6408
German D-mark	2.13834	2.14646	+0.38	+0.53	±1.1202
French Franc	6.96280	6.85224	−1.59	−1.44	±1.3701
Dutch Guilder	2.40935	2.41826	+0.37	+0.52	±1.5081
Irish Punt	0.712956	0.707814	−0.72	−0.87	±1.6669
Italian Lira	1496.21	1472.55	−1.58	−1.59	±4.0788

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

STERLING INDEX

	June 18	Previous
8.30 am	75.6	75.5
9.00 am	75.6	75.6
10.00 am	75.8	75.5
11.00 am	75.6	75.6
Noon	75.6	75.7
1.00 pm	75.6	75.6
2.00 pm	75.7	75.7
3.00 pm	75.7	75.7
4.00 pm	75.6	75.6

FINANCIAL FUTURES

US bonds below best

US Treasury bonds finished below the days highs in the London International Financial Futures Exchange yesterday. Prices opened on a steady to firm note in expectation of only a modest decline in revised first quarter GNP figures, and a rise of 2.9 per cent after a previous 3.7 per cent provided a brief upward move. However news of a rise in inflation to 2.9 per cent from 2.5 per cent as measured by the implicit price deflator tended to undermine the rally and values consequently fell back.

Sentiment was also influenced by comments made by Mr Paul Volcker, chairman of the US Fed warning of the dangers of a lower dollar and the inflationary effects of fast money supply growth.

The September price opened at 96-22 up from 96-15 and touched a best level of 97-17 before finishing at 96-22.

Gilt prices showed a weaker trend, ignoring lower UK unit labour costs and a rise in industrial production. Profit taking earlier in the week and an absence of retail buying prompted dealers to run short and this was met with little resistance.

Euro-dollar prices recorded modest gains, reflecting a generally firm undertone while three-month sterling deposits finished on a weaker note despite a static cash market.

LIFFE LONG GILT FUTURES OPTIONS

Strike price	Calls—Last Sept	Dec	Mar	June	Puts—Last Sept	Dec	Mar	June
116	5.39	6.36	—	—	0.47	1.58	—	—
118	4.10	5.79	—	—	1.18	2.41	—	—
120	2.60	4.12	—	—	2.04	3.34	—	—
122	1.63	3.15	—	—	3.07	4.38	—	—
124	1.17	2.30	—	—	4.25	0.52	—	—
126	0.48	1.63	—	—	5.57	7.11	—	—
128	0.28	1.22	—	—	7.36	6.44	—	—
130	0.16	0.61	—	—	9.23	10.10	—	—

Estimated volume total, Calls 942, Puts 217
Previous day's open int, Calls 7,106, Puts 3,065

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike price	Calls—Last Sept	Dec	Mar	June	Puts—Last Sept	Dec	Mar	June
88	8.09	8.27	—	—	0.29	1.31	—	—
90	7.30	7.63	—	—	0.60	2.03	—	—
92	5.61	6.44	—	—	1.17	2.48	—	—
94	4.39	5.33	—	—	1.59	3.37	—	—
96	3.30	4.32	—	—	2.50	4.36	—	—
98	2.34	3.40	—	—	3.54	5.44	—	—
100	1.51	2.56	—	—	5.07	6.60	—	—
102	1.15	—	—	—	6.35	—	—	—

Estimated volume total, Calls 30, Puts 12
Previous day's open int, Calls 1,359, Puts 294

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last July	Aug	Sept	Dec	Puts—Last July	Aug	Sept	Dec
1.35	—	—	10.80	19.80	—	—	0.50	1.60
1.00	12.40	0.00	10.00	10.20	0.70	0.00	1.40	2.70
1.45	5.25	6.50	6.00	7.90	0.10	1.75	2.50	4.30
1.90	2.05	3.10	3.30	5.00	2.55	4.00	4.75	6.70
1.55	0.50	1.35	1.65	3.16	6.05	7.20	7.95	0.90
1.60	0.20	0.60	1.00	2.00	9.00	11.40	11.30	13.00
1.65	0.15	0.30	0.50	1.10	14.00	14.80	16.60	17.00

Previous day's open int, Calls 4,347, Puts 1,637
Volume 27

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike price	Calls—Last July	Aug	Sept	Dec	Puts—Last July	Aug	Sept	Dec
1.30	—	—	20.10	20.10	—	—	0.09	0.55
1.35	15.79	15.10	15.10	15.10	0.01	0.13	0.34	1.22
1.40	10.10	10.10	10.13	10.64	0.08	0.64	1.00	2.39
1.45	5.44	6.05	6.48	7.45	0.61	1.62	2.35	4.20
1.50	2.20	3.17	3.74	4.94	2.37	3.74	4.61	6.69
1.55	0.60	1.40	1.92	3.10	5.77	6.97	7.79	9.85
1.60	0.10	0.52	0.88	1.84	10.27	11.09	11.75	13.59

Estimated volume total, Calls 6, Puts 20
Previous day's open int, Calls 2,807, Puts 3,002

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last Sept	Dec	Mar	June	Puts—Last Sept	Dec	Mar	June
1.30	—	—	10.85	16.85	—	—	0.10	0.45
1.35	14.85	—	14.85	14.85	—	—	0.30	1.05
1.40	10.45	—	9.85	10.55	0.05	—	0.50	2.10
1.45	5.25	5.55	6.85	7.05	0.40	1.40	2.05	3.85
1.50	1.85	2.55	3.40	4.75	2.00	3.35	4.30	6.30
1.55	0.55	1.10	1.10	2.50	5.45	6.60	7.45	9.35
1.60	0.15	0.35	0.10	1.80	8.75	10.65	11.29	12.85

Previous day's open int, Calls 26,609, Puts 21,185
Previous day's volume, Calls 543, Puts 297

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike price	Calls—Last July	Aug	Sept	Dec	Puts—Last July	Aug	Sept	Dec
92.00	1.29	1.22	—	—	0.02	0.09	—	—
92.25	1.05	1.01	0.92	—	0.03	0.13	0.28	—
92.50	0.83	0.81	0.75	—	0.06	0.18	0.36	—
92.75	0.62	0.64	0.59	—	0.10	0.26	0.45	—
93.00	0.44	0.48	0.46	—	0.17	0.35	0.57	—
93.25	0.29	0.36	0.34	—	0.27	0.47	0.70	—
93.50	0.17	0.24	—	—	0.40	0.61	—	—

Previous day's open int, Calls 349, Puts 846
Volume, —

CHICAGO

US TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	97-11	97-28	97-03	97-14
Sept	96-22	97-08	96-11	96-23
Dec	95-28	96-15	95-19	95-31
March	95-08	95-20	95-02	95-08
June	94-17	94-27	94-10	94-17
Sept	93-28	94-08	93-21	93-28
Dec	93-08	93-19	93-06	93-09
March	—	—	—	92.24
June	—	—	—	92.08
Sept	—	—	—	—
Dec	—	—	—	91-16

US TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	94.21	94.27	94.17	94.21
Dec	94.17	94.23	94.14	94.16
March	94.00	94.05	93.97	93.98
June	93.75	93.70	93.74	93.72
Sept	93.48	93.60	—	93.44
Dec	93.23	93.23	—	93.19
March	92.97	92.97	—	92.94

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	—	—	—	93.30
Sept	—	—	—	93.57
Dec	—	—	—	93.40
March	—	—	—	93.14

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	93.26	93.35	93.24	93.26
Dec	93.12	93.22	93.10	93.10
March	92.88	92.96	92.86	92.85
June	92.59	92.64	92.54	92.54
Sept	92.28	92.33	92.22	92.23
Dec	91.98	92.02	91.96	91.94
March	91.72	91.72	91.68	91.66
June	91.45	91.45	91.42	91.39

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
June	120-22	—	—	121-18
Sept	120-28	122-02	120-27	121-24
Dec	120-21	121-11	121-07	121-18
March	120-16	120-17	120-17	121-14

Estimated volume 2,079 6,072
Previous day's open int 19,892 (20,071)
Basis quote (clean cash price of 13% Treasury 2004/08 less equivalent price of near futures contract) −4 to 4 (32nds)

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev
June	101-63	102-00	101-57	102-20
Sept	101-50	102-04	101-50	102-05

Estimated volume 150 (120)
Previous day's open int 1,126 (1,106)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
June	90.19	90.22	90.17	90.20
Sept	90.78	90.97	90.77	90.86
Dec	90.95	91.01	90.96	91.01
March	90.87	90.94	90.90	90.93
June	90.74	90.76	90.75	90.80

Estimated volume 3,216 (1,948)
Previous day's open int 16,966 (17,188)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
June	162.10	162.40	161.10	161.15
Sept	165.30	165.50	163.80	164.05
Dec	167.75	—	—	166.50

Estimated volume 578 (456)
Previous day's open int 2,711 (2,624)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
June	93.27	93.34	93.24	92.52
Sept	93.13	93.10	93.11	93.23
Dec	92.89	92.93	92.86	93.09
March	92.59	92.61	92.55	92.84
June	92.29	92.25	92.25	92.53
Sept	92.00	91.96	91.96	92.23
Dec	91.73	—	—	91.96

Estimated volume 5,310 (5,630)
Previous day's open int 17,969 (17,905)

US TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	97-11	97-17	97-06	97-04
Sept	96-22	97-17	96-10	96-15
Dec	95-30	96-12	96-05	95-23

Estimated volume 7,313 (8,498)
Previous day's open int 5,426 5,175)

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth
1.5005	1.4969	1.4902	1.4813	1.4673

IMM—STERLING $ per £

	Latest	High	Low	Prev
Sept	1.4920	1.5030	1.4855	1.4965
Dec	1.4800	1.4935	1.4760	1.4870
March	1.4775	1.4835	1.4775	1.4750

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	1.4913	1.4957	1.4945	1.4870
Dec	1.4825	—	—	1.4886
March	1.4752	—	—	1.4820

Est. Volume 313 (116)
Previous day's open int. 817 (763)

MONEY MARKETS

UK interest rates barely changed

Period rates were virtually unchanged in London yesterday in very featureless trading. Overnight interbank rates provided the day's only and modest excitement, opening at 9¼-9½ per cent and easing to 8 per cent before finishing nearer 13 per cent as the Bank of England gave less help than the published forecast. Three-month interbank money remained at 9⁹⁄₁₆-9¹¹⁄₁₆ per cent.

News of a fall in UK unit labour costs to a rise of 7.6 per cent in the three months to April compared with 8.2 per cent in the three months to March appeared to have little effect as did a 1.1 per cent rise in April industrial production compared with a March fall of 0.1 per cent.

The Bank of England forecast a shortage of around £100m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £194m and a rise in the note circulation of £105m. These were partly offset by Exchequer transactions which added £185m and banks' balances brought forward £5m above target. The forecast was revised to a shortage of around £200m and the Bank gave assistance in the morning of £10m through outright purchases of eligible bank bills in band 2 at 9¹¹⁄₁₆ per cent.

Further assistance was given in the afternoon of £40m through outright purchases of £2m of eligible bank bills in band 1 at 9⅝ per cent, £27m in band 2 at 9¹¹⁄₁₆ per cent and £11m in band 3 at 9⅝ per cent. Late assistance came to £55m, making a total of £105m.

In Frankfurt call money remained firm as banks were faced with meeting corporate tax payments. There is little prospect of a cut in key interest rates at today's meeting of the Bundesbank central council. While pressure on the D-mark has eased, following a cut in French interest rates, and the D-mark's slight improvement within the EMS, the scope for lower rates is limited at the moment since the authorities still show concern over the rate of money supply growth.

UK clearing bank base lending rate 10 per cent since May 23.

NEW YORK RATES

(Lunchtime)

Prime rate	8½
Broker loan rate	8
Fed funds	6¹³⁄₁₆
Fed funds at intervention	6¹³⁄₁₆
Treasury Bills & Bonds	
One month	5.88
Two month	6.01
Three month	6.26
Six month	6.44
One year	5.56
Two year	7.04
Three year	7.19
Four year	7.36
Five year	7.43
Seven year	7.51
10 year	7.57
30 year	7.44

FT LONDON INTERBANK FIXING

(11.00 a.m. June 18)

Three months US dollars		Six months US dollars	
bid 6⅞	Offer 7	bid 6⅞	Offer 7

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

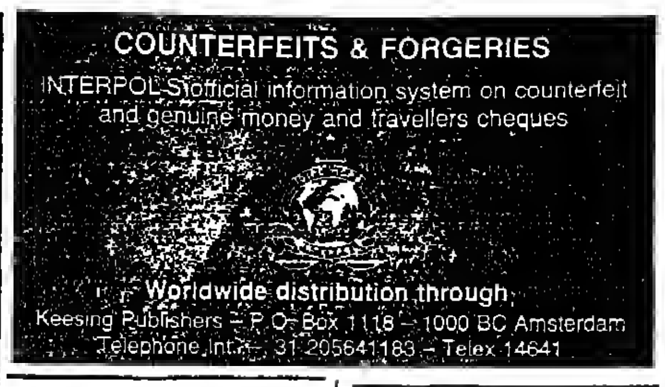
June 18	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	8-13	8¾-10	9⅞-10	9⁹⁄₁₆-9¹¹⁄₁₆	9½-9⅝	9½-9⅝
Sterling CDs	—	—	9-9⁹⁄₁₆	9⅝-9¾	9⁹⁄₁₆-9⅞	9⁹⁄₁₆-9⅞
Local Authority Depos	9¾	8⅞	9¾-9⅞	9⅝-9¾	9⅝-9½	9½
Local Author'y Bonds	—	—	10¼	10⅛	10	9⅞
Discount Mkt Depos.	9-9½	8½-8¾	9¾	9¼	—	—
Company Depos	9½-10½	9⅝-10	9⅞-10	9⅞	9⅝	9⅝
Finance House Depos	—	—	10⅛	9⅞	9⅝	9⅝
Treasury Bills (Buy)	—	—	9⁹⁄₁₆	9⅜	—	—
Bank Bills (Buy)	—	—	9⁹⁄₁₆	9¼	9⅝-9⅞	—
Fine Trade Bills (Buy)	—	—	10⅛	10⅛	9⅞	—
Dollar CDs	—	—	6.85-6.90	6.9-6.95	6.9 6.95	7.10-7.15
SDR Linked Depos	—	—	6⅜-6⅝	6⅜-6⅝	6⅛-6⅜	6⅜-6⅝
ECU Depos	—	—	7⅛-7⅞	7⅛-7⅞	7¼-7⅜	7¼-7⅜

Treasury Bills (sell): one-month 9⅜ per cent; three months 9⁵⁄₁₆ per cent. Bank Bills (sell): one-month 9¼ per cent; three months 9¹³⁄₃₂ per cent. Treasury Bills: Average tender rate of discount 9.3522 per cent. ECGD Fixed Finance Scheme IV reference date May 7 to June 3 (inclusive) 10.176 per cent.

Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rates 10½ per cent from June 1, 1986. Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10 per cent; one-three months 9¾ per cent; three-six months 9½ per cent; six-nine months 9½ per cent; nine-12 months 9½ per cent. Under £100,000 9½ per cent from June 5. Deposits held under Series 5 9½ per cent. Deposits withdrawn for cash 5½ per cent.

MONEY RATES

June 18	Over night	One Month	Two Months	Three Months	Six Months	Lombard Interv'tion
Frankfurt	4.20-4.30	4.40-4.55	4.45-4.60	4.45-4.60	4.50-4.05	5.5
Paris	7-7¼	7⅛-7⅜	7⅛-7¼	7⅛-7¼	7⅛-7¼	7
Zurich	1-1½	5-5¼	—	5 5⅛	—	—
Amsterdam	6-6⅛	6-6⅛	—	5⅞-6	—	—
Tokyo	4.28125	4.59375	—	4.65625	—	—
Milan	12-12½	12-12½	—	11⅞-12¼	—	—
Brussels	5-6	7-7⅛	—	7¼-7⅜	—	—
Dublin	9½-9¾	9½-9¾	9½-9⅝	9½-9⅝	9⅝-9⅝	—



Company Notices

MAKITA ELECTRIC WORKS, LTD.
(CDRs)

The undersigned announces that as from 27th June 1986 at Kas Associatie N.V., Spuistraat 172, Amsterdam, div. cp. no. 37 (accompanied by an "Affidavit") of the CDRs Makita Electric Works, Ltd. will be payable with Dfls. 5.53 net per CDR, repr. 50 shs and with Dfls. 110.60 net per CDR, repr. 1,000 shs. (div. per record date 20.02.1986: gross Yen 9 p. sh.) after deduction of 15% Japanese tax = Yen 67.50 = Dfls. 1.01 per CDR, repr. 50 shs., Yen 1,350 = Dfls. 20.20 per CDR, repr. 1,000 shs. Without an Affidavit 20% Jap. tax = Yen 90 = Dfls. 1.35 per CDR, repr. 50 shs. Yen 1,800 = Dfls. 26.00 per CDR, repr. 1,000 shs. will be deducted. After 20.09.1986 the div. will only be paid under deduction of 20% Jap. tax resp. Dfls. 5.20; Dfls. 104 net per CDR repr. resp. 50 and 1,000 shs. each, in accordance with the Japanese tax regulations.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam, 13th June 1986.

DARAKREEK PARTICIPATIONS N.V.
ESTABLISHED AT CURACAO NETHERLANDS ANTILLES

Notice is hereby given that an Interim-Stock Dividend of 1 new share for every 20 shares outstanding was declared on May 30, 1986 and shall be payable as of June 20, 1986.

Said Stock Dividend is payable against delivery of Coupon No. 9 to the offices of the company. After September 5, 1986 the shares issuable against unsurrendered coupons will be sold and the proceeds made available pro rata to entitled shareholders. The dividend on registered shares will be sent by mail to the shareholders.

Amro Trust Corporation N.V.
Managing Director

SAVE & PROSPER FINANCIAL SECURITIES FUND

Coupon 130 falls due for payment on 15th July 1986 at a rate of 8.75p per Financial Securities Fund unit. Coupons should be presented to the Royal Bank of Scotland PLC, Lombard Street Office, P.O. Box 412, 24 Lombard Street, London EC3P 3QA, from whom listing forms can be obtained. Coupons must be lodged by an authorised depositary and left three days for examination.

NOTICE OF RATE OF INTEREST
INBE Finance (Cayman) Limited
US$40,000,000 GTD FLOATING RATE SERIAL NOTES DUE 1987

In accordance with the provisions of the Reference Agency Agreement between INBE Finance (Cayman) Limited and Citibank, N.A., dated June 15, 1982, notice is hereby given that the Rate of Interest per US$4,000 Note has been fixed at 7½% p.a. and that the Interest Payable on the relevant Interest Payment Date, December 19, 1986, against Coupon No. 9 will be US$152.50 and has been computed on the actual number of days elapsed (183) divided by 360.

By: Citibank, N.A.,
Reference Agent

June 19, 1986.

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. W1. 01-734 0557.

Now offering
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BOND FUTURES & FUTURES OPTIONS
Also Futures and Futures Options on
COMEX-GOLD & SILVER
IMM—CURRENCIES
Low Commission Rates
$15* ROUND TURN
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Call one of our professionals:
212-221-7138
Telex: 277065
REPUBLIC CLEARING CORPORATION
452 Fifth Avenue, NY, NY 10018
An Affiliate of
Republic National Bank of New York
A $16 Billion Commercial Bank

Legal Notices

IN THE MATTER OF BLAIR MOVERS LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1985

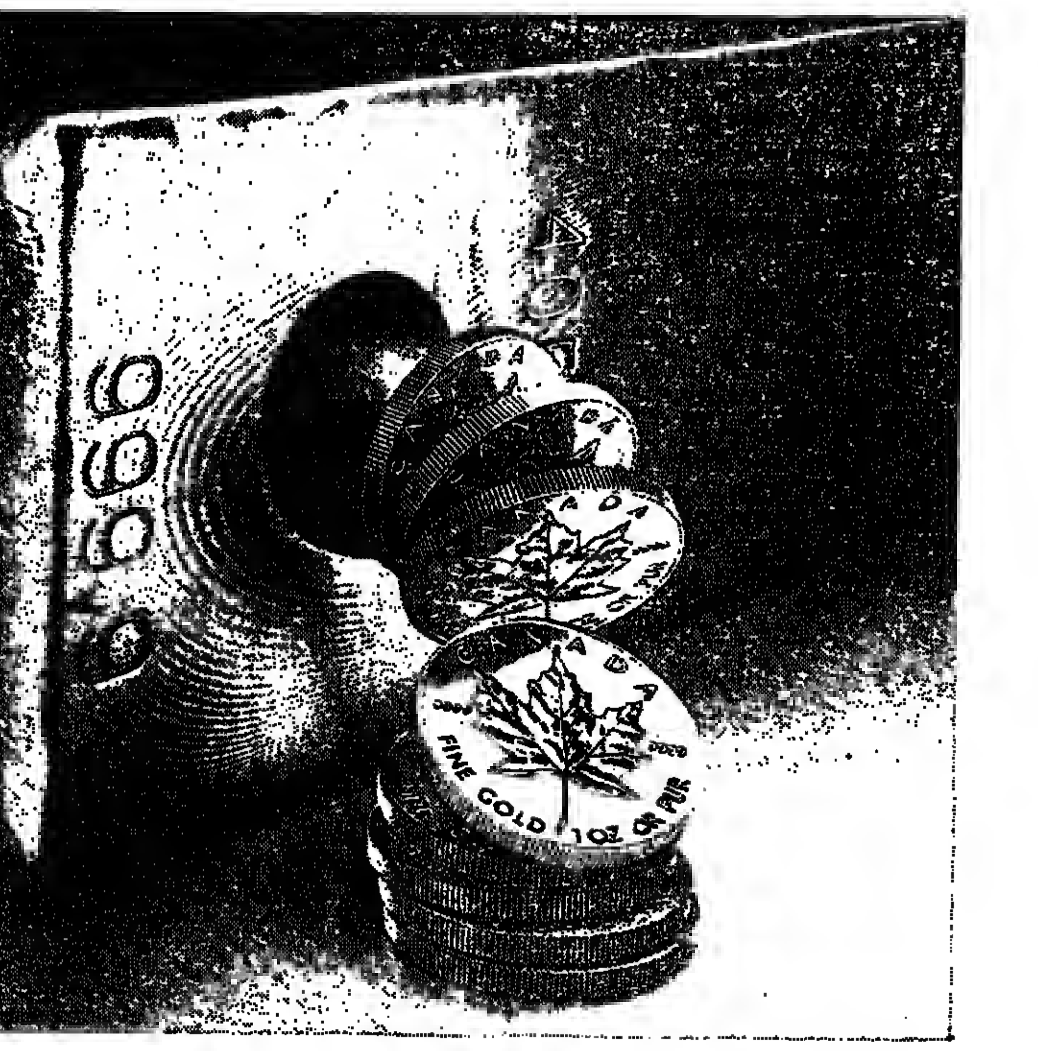
NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 22nd day July, 1986, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Brian Mills of 1 Wardrobe Place, Carter Lane, London EC4V 5AJ, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

BRIAN MILLS,
Liquidator.

Art Galleries

OMELL GALLERIES, 22, Bury Street, W1. Tel: 01-839 6176. EXHIBITION OF MARINE PAINTINGS. 2nd June-23rd July. Mon.-Fri. 10-5.30, Sats. 10-1.

LEGER, 13, Old Bond Street. ENGLISH PICTURES FOR THE COUNTRY HOUSE. Mon. to Fri. 9.30-5.30.



The best of a bar made better.

An investment today in gold should be considered as a form of insurance. Just as a central bank's reserve of pure gold (995 or purer) insures the wealth of a nation, pure gold can insure your financial security and independence in the future. An insurance policy, however, is only as good as what or who stands behind it. Therefore, when insuring your wealth, you should consider the advantages of Gold Maple Leaf coins from Canada.

Canada's Gold Maple Leaf offers many advantages. It is recognized throughout the world and requires no costly assay at resale to determine its purity. Also, a portion of the premium you pay over the price of gold is recovered on resale.

The Gold Maple Leaf is the purest gold bullion coin in the world—999.9 fine gold. It contains no base metals, which only add weight and no real value. Rather, it contains only pure Canadian gold. The government of Canada produces the Gold Maple Leaf and guarantees its gold content and purity.

This guarantee is embodied in the symbol of the country—the maple leaf. The Gold Maple Leaf is legal tender in a country well-known for its stability, independence, and freedom.

The value of your financial insurance policy can be found in the financial pages throughout the world. The price of the Gold Maple Leaf, which contains a minimum of one ounce pure gold, is directly related to the daily price of gold.

Therefore, when planning the insurance of your investment portfolio, be sure to consider the advantages of Gold Maple Leaf coins. After all, central banks demand a guarantee of source and purity, and so should you.

Royal Canadian Mint / Monnaie royale canadienne

¼ ounce 1 ounce ⅒ ounce

Gold Maple Leaf. There is no substitute for purity.

LONDON SHARE SERVICE

BRITISH FUNDS

1986 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102⅜	100⅛	Exch. 14pc 1986	101 1/16	–1/32	[illegible]	9.64
98⅝	94⅞	Exch. 2½pc 1986	98¼	.....	[illegible]	6.09
102⅜	100⅛	Exch. 13¼pc 1987	102 1/16xd	–1/32	12.9	9.33
100⅞	97 3/16	Treas 10¼pcCv '87	100 3/16	.....	10.1	9.26
97 3/16	92 13/16	Exch 2½pc 1987	97¼	.....	[illegible]	6.26
101⅛	97½	Exch. 10½pc 1987	100 13/16	–1/16	[illegible]	9.35
98⅝	93⅝	Funding 6½pc '85-87‡‡	98 1/16	–1/16	[illegible]	8.67
101⅛	96 13/16	Treas. 10pc 1987	100 3/16	–1/16	[illegible]	9.25
97 3/16	90⅞	Treas 3pc 1987	96 11/16xd	–1/16	3.11	6.26
104⅝	99⅝	Treas. 12pc 1987	105 3/16	–1/16	[illegible]	9.20
99⅝	92 13/16	Treas 7¾pc 1985-88‡‡	98⅝	.....	7.8	8.67
104	96⅝	Exch 10½pc '88	102 3/16	–1/16	[illegible]	8.97
102⅝	95⅝	Treas 9½pc Cv '88	101¼	–1/16	[illegible]	9.05
94⅛	86⅝	Transport 3pc '78-88	95 1/16xd	.....	3.21	6.50
102⅝	95 13/16	Treas. 9½pc '88	100 11/16	–1/16	9.44	9.14
107 3/16	98⅝	Treas 11½pc 1989	105⅝	–⅛	10.89	9.06
103⅝	93⅛	Treas 9½pc Cnv. '89	101 1/16	.....	9.38	0.96
92⅛	82 3/16	Treas 3pc 1989	91⅛	–⅛	3.30	6.40
105 3/16	95 3/16	Treas 10½pc 1989	103 13/16	–⅛	10.13	9.06
104 3/16	94⅛	Exch 10pc 1989	102¼	–1/16	9.78	9.16
107 3/16	97	Exch 11pc 1989	105 3/16	–⅛	10.45	9.06
93 3/16	84½	Treas 5pc 1986-89	92¼	.....	5.40	9.49
110 3/16	94⅝	Exch 10¼pcCv '89	105 3/16	–⅛	9.70	8.31
114 3/16	103 3/16	Treas 13pc 1990‡‡	112xd	–⅛	11.61	9.00
108⅛	97⅛	Exch 11pc 1990‡‡	105 11/16	–⅛	10.39	9.12
113⅝	101 11/16	Exch. 12½pc 1990	110 13/16	–⅛	[illegible]	8.98
89⅛	79⅝	Treas. 3pc 1990	89⅛	–1/16	[illegible]	6.19
100 3/16	89⅛	Treas 8¼pc 1987-90‡‡	98 13/16	–⅛	[illegible]	8.61
106 3/16	93	Treas. 10pcCv 1990	103¼	–1/16	[illegible]	8.94
86 3/16	76½	Exch 2½pc 1990	86	–⅛	[illegible]	6.18
112 3/16	99 3/16	Treas 11¾pc 1991	110¼xd	–⅛	[illegible]	8.96
94⅛	83 3/16	Funding 5¾pc '87-91‡‡	93⅛	–⅛	[illegible]	7.31
86⅝	86	Treas. 3pc 1991e	86 3/16	–1/16	[illegible]	6.36
		Five to Fifteen Years				

AMERICANS—Cont.

1986 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
41¼	31⅝	Campbell Soup 30c	39⅝	–1	$1.32	—	2.5
37	27⅛	Caterpillar Tractor‡	34½	+¼	50c	—	1.8
610p	380p	Cenergy Corp. 25c	423p	–8	4c	—	0.6
[illegible]	24⅞	Chase M'htn $12.5	27⅝	–⅜	h$2.05	—	5.1
[illegible]	29¼	Chemical New York	33⅝xd	–⅛	$2.60	—	5.3
[illegible]	26⅜	Chesebrough-Pond's $1	33⅞xd	.....	$2.00	—	4.1
31⅝	19⅜	Chrysler $6¼	23⅞xd	–½	h66.6c	—	1.9
[illegible]	33⅜	Citicorp $4	38⅝xd	–⅝	$2.26	—	4.0
[illegible]	774p	CityFed Fin. Corp.	11	–¼	40c	—	2.5
[illegible]	21½	Colgate-P. $1	27½	–¼	$1.36	—	3.4
[illegible]	42½	Colt Inds. $1	44xd	+¼	$2.50	—	3.9
[illegible]	16⅝	Cont Freightways $0.625	21¼	–¼	73.3c	—	2.4
[illegible]	419p	Cont'l Illinois Corp $1	431p	–20	—	—	—
[illegible]	25p	Cont. Illinois Hldgs $1	25p	.....	—	—	—
64p	39p	♦Corporate Data Scnce.	47p	+1	—	—	—
[illegible]	27	Crown Zell. $5	27¼	.....	$1.00	—	2.5
[illegible]	793p	Cullinet Sftwr $0.1	997p	–36	—	—	—
287p	75p	Damson Oil 40c	75p	–24	—	—	—
23⅝	18⅝	Dana Corp. $1	22⅜xd	–⅛	$1.28	—	3.9
33⅝	24⅜	Data General	24⅛	.....	—	—	—
24½p	13p	♦Derma-Lock Medicl	13p	–1	—	—	—
78⅛	55⅛	Dun & Bradstreet $1	76	.....	$2.56	—	2.3
52⅝	43⅝	Eaton Corpn. 50c	45	–⅛	$1.60	—	2.4
		For Exxon see Oil and Gas					
[illegible]	18⅝	FPL Group $0.01	21	–⅛	[illegible]	—	6.6
[illegible]	12⅜	Fairmont Fin.	29¼	+¼	—	—	—
[illegible]	539p	Fin. Corpn. Amer. 50c	539p	–41	—	—	—
[illegible]	19¼	First Chicago $5	22	.....	[illegible]	—	4.1
[illegible]	25⅛	Ford Motor $2	36⅛	+¼	[illegible]	—	4.2
[illegible]	20⅝	GATX 62½c	22⅞xd	+¼	[illegible]	—	3.7
[illegible]	47⅜	Gen. Elect. $7¼	54½	–⅜	[illegible]	—	2.9
[illegible]	612p	♦General Host Corp $1	16	–⅜	[illegible]	—	0.9
[illegible]	24	Gillette $1	29½	+1½	[illegible]	—	6.3
[illegible]	10	Gt Am First Svgs Bk $1	12	+¼	42c	—	1.5
[illegible]	23¼	Gt. Western Fin. $1	29⅝	+½	[illegible]	—	2.8
[illegible]	23⅛	Hasbro Inc $0.50	36⅝	–⅛	[illegible]	—	0.3

CANADIANS

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DRAPERY & STORES—Cont.

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O.F.S.

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
230	105	Beatrix Mines R1	220xd		†Q15c	1.2	3.3
905	482	F.S. Cons. Gold 50c	564	+52	ZQ160c	—	9.8
240	95	Free State Dev. 10c	95	..	Q15c	1.1	4.7
962	482	Harmony 50c	564	+44	Q265c	ϕ	12.3
410	178	Loraine R1	202	+10	Q75c	3.1	9.7
987	650	St. Helena R1	705xd	+44	Q450c	1.9	16.7
569	313	Unisel	414	+26	†Q150c	1.1	9.5
533	294	Welkom Gold Hldgs 50c	332	+10	Q234c	1.0	18.4

Diamond and Platinum

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£55	£32	Anglo Am. Inv. 50c	£47½	+2	Q810c	1.0	4.5
527	312	De Beers Dl. 5c	444	+27	Q55c	5.1	3.2
490	315	Do. 40pc. Pf. R5	350		Q200c	‡	14.9
710	510	Impala Plat. 20c	555	+15	Q135c	1.9	6.4
652	410	Lydenburg 12½c	475		†Q72c	1.0	4.0
790	503	Rus. Plat. 10c	570	+10	†Q90c	1.4	4.1

Central African

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
210	155	Falcon Z50c	210	...	Q60c	ϕ	11.9
16	10	Wankie Col. Z$1	15		Q5c	13.6	13.9
16	11½	Zam Cpr SBD0.24	13½	...	—	—	—

Finance

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
91	65	Afex Corp SA $1.50	75	...	Q7.5c	4.4	2.6
£11	500	Ang. Am. Coal 50c	575		Q240c	3.5	10.9
£10¼	630	Anglo Amer. 10c	720	+60	Q180c	ϕ	6.8
£57½	137¼	Ang. Am. Gold R1	£40⅝	+1½	Q1450c	1.1	9.4
£40	£24	Anglovaal 50c	£26		Q450c	ϕ	5.0
22	11	Clogau Gold 10p	14½		—	—	—
123	80	Cons. Afex Corp	80		NQ5½c	—	1.0
537	419	Cons. Gold Fields	422	+4	24.5	1.4	8.0
66	34	East Rand Con. 5p	39	+3	1.0	2.1	3.6
820	450	Gencor R1	450		†Q170c	1.1	9.9
830	590	Gencor 40c	700	+75	Q195c	2.2	7.6
33	18	Gold & Base 12½p	23		—	—	—
975	601	Gold Fields S.A. 5c	730	+47	†Q120c	2.0	4.5
£81	£46	Jo'burg Cons. R2	£56	+5	Q875c	2.2	4.2
900	530	Middle Wit. 25c	575		Q155c	ϕ	7.1
660	530	Minorco SBD1.40	575	+45	Q22c	1.2	1.0
575	250	New Wits 50c	275		†Q70c	1.6	6.6
£22¼	£11¼	OFS Invs 1c	£15	+⅞	ZQ417c	—	10.4
21	9	Rand London 15c	9		—	—	—
£35	£13½	Rand Mines R1	£13½		Q350c	2.8	6.8
425	230	Rand Min. Props. R1	230		Q65c	2.6	7.4
100	60	Vogels 2½c	60		Q30c	1.7	13.1

Australians

Tins

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ● Merger bid or reorganisation in progress.
- § Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- ‡ Forecast dividend; cover on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ‡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¥ No par value.

B Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Albany Inv 20p	118	−2	Fin. 13% 97/02	£121¼	...
Craig & Rose £1	£13	...	Arnotts	320	...
Finlay Pkg 5p	43	...	CPI Hldgs	45	...
Holt (Jos) 25p	810	...	Carrol Inds	150	...
IoM Stm. £1	67	...	Dublin Gas	53	
			Hall (R & H.)	74	−3
IRISH			Heiton Hldgs.	31	...
Fund 11¾% 1988	£103¾	...	Irish Ropes	110	...
Nat 9¾% 84/89	£101	...	Unidare	190	...

"Recent Issues" and "Rights" Page 43
(International Edition Page 27)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

LONDON STOCK EXCHANGE

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
June 2	June 12	June 13	June 23
June 16	June 26	June 27	July 7
June 30	July 10	July 11	July 21

* "New-time" dealings may take place from 9.30 am two business days earlier.

Banking issues lead fifth successive advance in equity values

A strong financial sector featured in another thrust forward yesterday which left the FT equity indices higher for the fifth consecutive session. Banking issues led the advance as word spread of sizeable buying of NatWest old shares. US investors, barred by SEC regulations from taking up nil-paid shares including those resulting from the recent NatWest rights issue, seemed keen to top-up portfolios following a report that the UK authorities could soon ease primary capital regulations.

The sustained demand impinged on jobbers' short book positions and both classes of NatWest stock raced higher; the old reached 505p before easing late to close at 495p for a gain of 20 on the day. Speculation arose of a pending large share placement, possibly of nil-paid shares on which the final call is due next week. The activity in NatWest overshadowed other clearers but Merchant bank issues rose steadily throughout.

The surrounding market scene was again one of confidence and virtually a repetition of the previous two trading sessions. A selective institutional demand found sellers reticent and blue chip stocks made good progress to higher levels. Double-figure gains were finally commonplace and the FT Ordinary share index closed 14.1 up for a five-day rise of nearly 40 points to 1,340.1. A slightly lower sterling exchange rate against the dollar helped the market performance which was unaffected by news of the April industrial and manufacturing figures.

In sharp contrast, another unhappy day in Government securities ended with several longer-dated issues down a point. Operators pointed to the market's current lack of scope and saw little reason for fresh investment until the authorities had established a new yield structure; fresh funding by the authorities is expected at any moment. Selling pressure was seldom heavy but with dealers' experiencing something of a buyers' strike it made quite an impression on longer maturities. Sporadic switching from conventional Gilts imparted stability to index-linked stocks after the recent fall.

Other clearers were overshadowed by NatWest's performance, but still closed with gains ranging to 8. Barclays were that much dearer at 493p and Lloyds firmed 5 at 358p, while Midland hardened a few pence at 530p. Merchant banks gained ground throughout the list. Mercury International were prominent with a rise of 25 at 730p and Schroders put on 10 at 775p as did Kleinwort Benson at 765p. Hambros, at 235p, and Hill Samuel, at 383p, improved 3 apiece.

Life Insurances again showed to good advantage, still reflecting recent reports of bumper endowment mortgage business. Prudential led the way with a rise of 34 to 812p, while London and Manchester added 11 at 193p. Britannic put on 10 to 355p and Legal and General appreciated 9 at 257p. Among Lloyds Brokers, Willis Faber, which holds a near-25 per cent stake in merchant bank Morgan Grenfell, advanced 12 to 415p. Sturge improved 15 at 430p and Dewey Warren rose 7 at 118p. Windsor Securities gained a couple of pence more making a two-day rise of 8 at 46p on the announcement that Channel Hotels and Properties had increased its stake in the company to 20.26 per cent.

The ex-Malaysian plantations group Guthrie Corporation returned to the market after an absence of five years. Now a diversified industrial holding company controlled by the Malaysian government investment agency, Permodalan Nasional Berhad, Guthrie attracted only a small interest and closed at 151p compared with the offer-for-sale price of 150p.

A quiet day in the Building sector left prices with small occasional movements either way. Y. J. Lovell hardened 5 to 423p on the increased half-year earnings. Barrat Developments, unsettled by recent directors' share sales, eased 6 to 140p.

Burton good again

Leading Retailers made modest progress in relatively subdued trading. Burton responded to publicity given to a broker's circular and improved 8 more to 284p. Harris Queensway hardened a few pence to 236p following the result of the rights issue, while occasional interest was also evident for Marks and Spencer, 3 up at 202p, and W. H. Smith A 4 dearer at 276p. Sears, a perennial takeover favourite, closed 3 up at 127p. Laura Ashley were again wanted and put on 6 to 204p, while Empire Stores closed 4 up at 190p despite a bearish circular from brokers de Zoete and Bevan. A. J. Gelfer improved 7 to 123p following a bid approach, but disappointment with the full-year figures left Stead and Simpson A 6 cheaper at 90p.

Buying on hopes of early news from the Monopolies and Mergers Commission on GEC's bid lifted Plessey 10 further to 236p, while Thorn EMI benefitted from the forthcoming Thames Television flotation with a gain of 12 at 461p. Racal were sold down to 188p following a broker's cautious view on the company, but later rallied strongly to close the day unaltered at 196p; the preliminary results are scheduled for next Monday. Elsewhere in Electricals, AB Electronics jumped 27 to 390p on revived speculative buying, while Wordplex added 9 at 66p for a similar reason. Oxford Instruments put on 10 at 578p after comment on the annual figures. Bowthorpe improved 8 afresh to 570p, but Apricot Computer dropped 12 more making a two-day relapse of 23 at 57p following comment on the abysmal preliminary figures.

Pegler Hattersley advanced 59 to 654p following the official announcement that F. H. Tomkins had won its battle for control of the company. This followed a last minute snag on Wednesday when F. H. Tomkins failed to state in time that it had acceptances for 55.4m of the shares in P.H. F. H. Tomkins advanced 18 to 323p. Elsewhere in the Engineering sector, bid speculation lifted Wm Cook 21 to 153p, while reports of a broker's circular left B. Elliott 8 to the good at 97p. Speculative interest revived in Simon which rose 5 to 270p, while Baker Perkins, awaiting today's preliminary figures, improved 6 to 294p. Press suggestions of a possible bid from Mitchell Cotts prompted demand for Stothert and Pitt which closed 7 higher at 202p. Among the leaders, Vickers advanced 17 to 460p on hopes that the company may be invited to bid for the Challenger tank order. GKN, up 10 at 372p, reflected the proposed sale of its steel stockholding business to a group of private investors, but Hawker contrasted with a fall of 14 to 575p in the wake of chairman's none-too-encouraging statement at the annual meeting.

Retailers led the way in the Food sector. Tesco advanced 12 to 367p as did J. Sainsbury to 370p, while Unigate continued to reflect the recent impressive preliminary results with a fresh rise of 13 at 298p. Renewed speculative buying lifted ASDA MFI 4 afresh to 148p. Elsewhere, Avana rose 12 to 550p as investors showed an increased interest ahead of Monday's annual figures, while Sidney C. Banks jumped 50 to 355p, after 360p, following demand in a restricted market.

Ladbroke, which announced on Monday the proposed sale to Rank Organisation of 38 social and bingo clubs and 42 high street amusement centres for £67.5m, closed 7 better at 355p.

British Aero up

British Aerospace came to life following news of the £66m order from Presidential Airlines for five new 146-200 Aircraft and closed 15 higher at 518p. American buying lifted Wellcome 8 to 200p while favourable Press mention directed buyers to Valor which closed around the day's best with a gain of 19 at 268p. British Steam, still reflecting the good preliminary figures, put on 8 further to 280p. Booker McConnell were in demand at 365p, up 18, along with Dalgety, which rose 17 to 282p. The recovery in annual profits left Cape Industries 7 higher at 82p, but Metal Closures, a rising market recently on revived bid hopes, reacted 10 to 140p. Bodycote, still benefitting from the proposed flotation of its Dutch subsidiary, advanced 15 more to 330p. Seapa, scheduled to reveal preliminary figures today, gained 15 to 470p. Movements among the miscellaneous industrial leaders rarely exceeded a few pence either way, but Reed International, up 10 more at 990p, continued to reflect reports that the company shares are expected to be dealt in on the traded options market soon.

Anglia TV rose 35 to 265p on the interim figures.

Jaguar, already a few pence to the good during the house session, responsed to sizeable US support after-hours and advanced 12 to a new peak of 525p.

Paper/Printings proved to be one of the brighter sectors. British Printing and Communication advanced 24 to 292p, after 296p in response to Mr Robert Maxwells extremely cheerful statement at the annual meeting. DRG, buoyed of late by revived takeover speculation, improved 12 more to 304p following comment in the Financial Times and US acquisition news. Buyers also returned for Hunterprint, 280p, and Delyn Packaging, 128p; up 7 and 8 respectively. John Waddington provided an outstanding feature in early trading, rising 40 to 850p after announcing increased full-year profits and a proposed 4-for-1 scrip issue. Advertising agencies highlighted Geers Gross which touched 90p before settling a net 8 dearer at 85p—a rise of 11 so far this week—reflecting persistent support on recovery hopes.

Comment on the group's expansion move via the acquisition of insurance loss adjusters, Toplis and Harding, induced renewed support for Mr John Gunn's Abaco Investments which improved steadily to end the session 6½ higher, making a two-day leap of 12 at 67p. Elsewhere in Properties, British Land closed unaltered at 182p following the annual results having earlier touched 188p, while Mountview Estates also reacted from initial firmness, closing 10 cheaper at 750p, after 775p, after trading news. Land Securities hardened a couple of pence to 320p as did MEPC to 345p.

Textiles improved across the board. Dawson International, 6 up at 246p, met fresh support in front of today's preliminary figures. Hicking Pentecost, annual results due tomorrow, hardened a few more to 51p. Revived speculative interest was directed towards Parkland A, finally 12 up at 149p, while Towles A improved 6 for a two-day gain of 16 to 100p. In contrast, Sekers International dipped 7 to 123p following a "take-profits" recommendation.

Financials again attracted a fair measure of attention. Authority Investments advanced 45 more to 270p—a gain of 142 so far this week—reflecting renewed support in a relatively narrow market in the wake of the agreed bid from Management Group. Framlington put on 30 for a two-day rise of 90 to 740p following the bid for Throgmorton Investment Management Services. Expansion prospects boosted "shell" situation James Ferguson another 7 to 87p, but further consideration of the proposed rights issue left USM-quoted Yelverton another 5 off at 45p. Antofagasta, a firm market recently, dipped 50 to 700p in reaction to the £4.85m rights issue and proposed sub-division of Ordinary shares. Among Investment Trusts, Wemyss were marked 13 higher to 623p following the offer from ATS.

Oils quiet

Dealers marked down the leading Oils at the outset of trading but modest buying interest saw prices pick up to close little changed on balance.

Burmah hardened a couple of pence to 372p despite reports that Hanson Corporation had disposed of its 4.2 per cent stake in the company over the past couple of weeks. Second-line oils were again highlighted by Ireland's Conroy Petroleum and Natural Resources which advanced a further 5 to a 1986 high of 135p still reflecting news that Tara had acquired a 23.4 per cent stake in the company which has recently made a significant lead/zinc discovery in the Irish Republic. E.R.I.C. dipped 2 to 28p, depressed by the proposed rights issue to raise around $3m.

The recovery movement in South African sectors of mining markets gathered pace yesterday as many operators scrambled to close bear positions taken out last week when the South African Government imposed a nationwide State of Emergency. A firmer trend in the bullion price, another steady performance by the Financial Rand and persistent buying interest from Johannesburg in the wake of the R1.3bn package of economic measures designed to stimulate the South African economy prompted further strong gains in Golds, Financials and platinums. Business in South African sectors remained at a fairly low level but short covering purchases and the Cape buying produced gains of up to £1¼ in the leading Golds such as Randfontein, £44¼, and Vaal Reefs, £38⅞. Secondary stocks provided features in Freegold, which advanced 52 to 584p and Doornfontein and Harmony which improved 44 apiece to 556p and 564p respectively. The Gold Mines index jumped 13.9 to 220.9 for a four-day gain of 28.6.

Financials were equally firm. Anglo American Corporation jumped 60 to 720p. Gencor rose 75 to 700p, "Johnnies" moved up £5 to £55 and OFSIL put on almost a point at £13. De Beers raced up 27 to 444p. A buoyant platinums sector showed Impala 15 higher at 555p and Rustenburg 10 better at 570p.

UK mining financials attracted renewed interest, helped by the continuing strength in golds, and rises of around 3 were common to Consolidated Gold Fields, 432p and Rio Tinto Zinc, 628p.

The firmer trend in precious metals prices and a rally in overnight Sydney and Melbourne markets helped Australians make minor progress. In Golds, Poseidon were prominent and rose 5 to 137p while Whim Creek edged up a few pence to 100p.

In Tins, Malaysia Mining rose 3 to 21p, after 22p, on news that the company is to sell its near 45 per cent stake in Aokam Tin for M$22.8m.

Traded Options

Demand for Traded Options improved from recent depressed levels. Total contracts transacted amounted to 15,841. Once again, operators displayed persistent interest in Hanson Trust which attracted 2,839 calls and 1,875 puts. A lively and evenly-balanced business developed in GKN which contributed 1,326 calls and 938 puts. US support for the underlying shares directed interest to Jaguar positions which recorded 1,845 calls. The FT-SE 100 attracted 743 calls and 680 puts.

FINANCIAL TIMES STOCK INDICES

	June 18	June 17	June 16	June 13	June 12	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	90.63	91.03	91.31	91.07	90.63	82.17	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.56	96.65	96.86	96.62	96.64	86.45	97.51 (22/4)	86.55 (23/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1340.1	1326.0	1318.6	1313.7	1304.1	982.9	1425.9 (3/4)	1094.3 (14/1)	1425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	220.9	207.0	196.2	194.4	192.3	452.3	357.0 (27/1)	192.3 (12/6)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.11	4.14	4.15	4.17	4.19	4.72				
Earnings Yld.%(full)	9.90	9.98	10.01	10.04	10.13	11.80				
P/E Ratio (net) (*)	12.29	12.19	12.15	12.11	12.01	10.34				
Total Bargains (Est)	24,531	24,834	24,958	25,531	24,949	21,397				
Equity Turnover £m.	—	628.90	469.69	549.56	572.78	289.09				
Equity Bargains	—	22,831	23,951	27,441	25,362	16,065				
Shares Traded (ml).	—	285.9	222.7	263.7	245.5	151.1				

S.E. ACTIVITY

Indices	June 17	June 16
Gilt Edged Bargains	133.4	117.4
Equity Bargains	147.9	155.2
Equity Value	1,270.4	949.4
5-Day Average		
Gilt Edged Bargains	144.6	143.3
Equity Bargains	158.7	159.7
Equity Value	1,110.5	1,045.0

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1329.0	1333.1	1336.4	1338.5	1338.9	1339.5	1339.5	1339.5

Day's High 1341.3. Day's Low 1329.0

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.85.

LONDON REPORT AND LATEST SHARE INDEX. TEL. 01-246 8026

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wednesday June 18 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Tues June 17 Index No.	Mon June 16 Index No.	Fri June 13 Index No.	Year ago (approx.) Index No.
[illegible]										

FIXED INTEREST

PRICE INDICES	Wed June 18	Day's change %	Tues June 17	xd adj. today	xd adj. 1986 to date
[illegible]					

AVERAGE GROSS REDEMPTION YIELDS	Wed June 18	Tues June 17	Year ago (approx.)
[illegible]			

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
[illegible]								
NATN P	FL75	—	—	—	—	85	2.60	
PHIL C	FL60	35	0.20	274	2.10	228	3.30	FL58.60
PHIL P	FL55	108	1.50A	211	3	113	4	"
RD C	FL200	207	2.40	94	7.50	4	12	FL196.40
RD P	FL190	171	1.30	204	5.20	30	6	"
UNIL C	FL500	138	4.40	89	17.10	39	26.90	FL483
UNIL P	FL480	123	7.50	71	15	8	21	"

TOTAL VOLUME IN CONTRACTS: 16,791

A=Ask B=Bid C=Call P=Put

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
June 9	June 20	Sept 11	Sept 22
June 23	July 4	Sept 25	Oct 6
July 7	July 18	Oct 9	Oct 20

For rate indications see end of Unit Trust Service

Money was given for the call of Amstrad, United Spring and Steel, Haytin, Ryan International, Conroy Petroleum, Delta Group, Barker and Dobson, Investment Co, Apricot Computers, WSL, T. Cowie, NatWest, Ecobric, Lucas, Boase Massimi Pollitt, Rotaprint, Cannon Street Investments and Property Holding and Investment Trust. Puts were done in Polly Peck, Dares Estates and Chambers and Fargus, while a double was arranged in Consolidated Gold Fields.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Anglia TV A	223	+3	Parkland A	149	+12
BPCC	292	+24	Pegler-Hattersley	654	+59
DRG	304	+12	Tomkins (F.H.)	323	+15
Dalgety	282	+17	Vaal Reefs	£38⅞	+1⅛
Geers Gross	85	+8	Valor	268	+18
NatWest Bank	495	+20	Wellcome	200	+8

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List

Stock	No. of changes	Tues. close	Day's change	Stock	No. of changes	Tues. close	Day's change
Cable and Wire	20	668	+11	Brit. Telecom.	12	232	+6
Apricot Comps.	19	69	−11	ICI	12	954	−3
NatWest Bank†	17	273pm	+11	Abaco Invs.	11	60½	+5½
Falcon Inds.	14	52	+7	P. & O. Defd.	11	513	−7
Tesco	14	355	+10	Reed Intl.	11	980	+26
Parkfield	13	500	+46	Standard Chart.	11	806	−12

†Nil-paid

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	96	14
Corpns. Dom. and Foreign Bonds	6	22	42
Industrials	340	196	960
Financial and Props.	107	58	412
Oils	16	18	66
Plantations	2	2	11
Mines	68	12	102
Others	44	82	111
Totals	585	486	1,737

LONDON TRADED OPTIONS

Option		Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
Allied Lyons (*341)	330	23	40	50	10	17	20
	360	7	20	30	25	30	37
B.P. (*573)	500	80	93	103	2	7	11
	550	38	57	68	7	22	28
	600	10	26	38	32	[illegible]	[illegible]
Cons. Gold	420	30	50	57	6	[illegible]	[illegible]
[illegible]							

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
P. & O. (*510)	460	65	80	—	4	7	—
	500	33	50	67	12	22	35
	550	9	23	35	40	48	65
	600	5	10	—	87	90	—
[illegible]							

June 18. Total Contracts 15,841. Calls 10,654. Puts 5,187

*Underlying security price.

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (92)

CORPORATION LOANS (1) LCC 5¾pc 1985-87. LOANS (1) Inv. in Ind. 7¾pc A. Ob. 1989-92. AMERICANS (2) CalFed Inc., Sara Lee. BANKS (2) English Trust, Wells Fargo. BREWERS (1) Devenish (J. A.). BUILDINGS (4) Federated Housing, Jarvis (J.), Utd. Ceramic Dists., Wimpey (Geo.). CHEMICALS (2) Hercules Inc., Yorkshire Chemicals. STORES (2) Fine Art Dev., Gelfer (A. J.). ELECTRICALS (3) AB Electronic, Oxford Instruments, Shorrock. ENGINEERING (4) Castings, Cook (Wm.) Sheff.), Lee (Arthur), Staveley Inds. FOODS (3) Banks (Sidney C.), Matthews (B.), Safeway. INDUSTRIALS (18) Assoc. Energy, Black (P.), Bodycote Intl., Booker McConnell, Boot (Henry), Bridport-Gundry, British Steam, Colorgen Inc., Cosalt, De La Rue, Owek Group, Ecobric Defd., Hargreaves, Lilleshall, Parker Knoll A, Reed Ind., Tech Component Inds., Valor. MOTORS (2) Jaguar, Alexanders. NEWSPAPERS (2) Home Counties, News Intl. Spec. Div. PAPER (7) Delyn Packaging, Geers Gross, Home (Robt.), Do. N-V A, Hunterprint, Smith (David S.), Waddington (J.). PROPERTY (13) Abaco Invs., Brit. Land., Ests. Prop. Inv. 10¾pc Cnv. Ln. 1994, Gable House Prop. 10¾pc Cnv. 1995-99, London & Edinburgh Trust, Mountview Ests., New Cavendish, Priest Marians, Raglan Prop., St Modwen Props., Slough Ests., Do. 8pc Cnv. 1991-94, Town Centre. TEXTILES (3) Atkins Bros., Bulmer & Lumb, Crowther (J.). TRUSTS (17) Berry Trust, City & Com. Cap., F. & C. Pacific Inv., Family Inv. Trust, Genl. Funds., Inv. in Success, Lowland Inv., New Throgmorton Cap., Rights & Issues, TR Prop. Inv. Trust, Throgmorton Secured Growth, Do. Cap., Wemyss Inv., Winterbottom, Authority Inv., Ferguson (J.), Premlington. OILS (5) Burmah, Conroy Pet. & Nat. Resources, Cons. Intl. Pet. Corp., Norsk Hydro, Warrior Resources.

NEW LOWS (15)

BRITISH FUNDS (1) Conv. 10pc 1996. AMERICANS (4) Damson Oil, Derma-Lock Medical, Fin. Corp. America, PHH. STORES (2) Blacks Leisure, Liberty N-V. ELECTRICALS (2) PPL, Telemetrix. ENGINEERING (1) Hobson. INDUSTRIALS (1) Eastern Produce. SHIPPING (1) Graig Shipping. TRUSTS (2) Caledonia Invs., Gresham House, Nat. Home Loans. OILS (3) E.R.I.C., Monument Oil, TR Energy.

BASE LENDING RATES

	%		%
ABN Bank	10	First Nat. Fin. Corp.	11
Allied Dunbar & Co	10	First Nat. Sec. Ltd	11
Allied Irish Bank	10	● Robert Fleming & Co.	10
American Express Bk.	10	Robert Fraser & Ptrs.	11
Amro Bank	10	Grindlays Bank	‡10
Henry Ansbacher	10	● Guinness Mahon	10
Associates Cap Corp	10	● Hambros Bank	10
Banco de Bilbao	10	Heritable & Gen. Trust	10
Bank Hapoalim	10	● Hill Samuel	§10
Bank Leumi (UK)	10	C. Hoare & Co.	10
Bank Credit & Comm.	10	Hongkong & Shanghai	10
Bank of Cyprus	10	Knowsley & Co. Ltd	10½
Bank of Ireland	10	Lloyds Bank	10
Bank of India	10	Edward Manson & Co	11
Bank of Scotland	10	Mase Westpac Ltd.	10
Banque Belge Ltd	10	Meghraj & Sons Ltd	10
Barclays Bank	10	Midland Bank	10
Beneficial Trust Ltd	11	● Morgan Grenfell	10
Brit. Bk. of Mid. East	10	Mount Credit Corp. Ltd	10
● Brown Shipley	10	National Bk. of Kuwait	10
CL Bank Nederland	10	National Girobank	10
Canada Permanent	10	National Westminster	10
Cayzer Ltd	10	Northern Bank Ltd.	10
Cedar Holdings	11	Norwich Gen. Trust	10
● Charterhouse Bank	10	PK Finans. Intl (UK)	11
Citibank NA	10	Provincial Trust Ltd	11
Citibank Savings	¶10.75	R. Raphael & Sons	10
City Merchants Bank	10	Roxburghe Guarantee	11
Clydesdale Bank	10	Royal Bank of Scotland	10
Comm. Bk. N. East	10	Royal Trust Co. Canada	10
Consolidated Credits	10	Standard Chartered	10
Continental Trust Ltd	10	Trustee Savings Bank	10
Co-operative Bank	*10	United Bank of Kuwait	10
The Cyprus Popular Bk	10	United Mizrahi Bank	10
Duncan Lawrie	10	Westpac Banking Corp	10
E. T. Trust	11	Whiteaway Laidlaw	10½
Exeter Trust Ltd	10½	Yorkshire Bank	10
Financial & Gen. Sec.	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5.69%. 1-month 6.03%. Top Tier—£25,000+ at 3 months' notice 9.72%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¼% gross. ¶ Mortgage base rate. § Demand deposit 5.82%. Mortgage 11%.

WORLD STOCK MARKETS

AUSTRIA | GERMANY | NORWAY | AUSTRALIA (continued) | JAPAN (continued)

BELGIUM/LUXEMBOURG | SPAIN | SWEDEN | HONG KONG

DENMARK | ITALY | SWITZERLAND | JAPAN | SINGAPORE

FRANCE | NETHERLANDS | AUSTRALIA | SOUTH AFRICA

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO
Prices at 2.30pm
June 18

MONTREAL
Closing prices June 17

Total Sales 5,132,000 shares

Indices

NEW YORK — DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

RISES AND FALLS

NYSE-Consolidated 1500 Actives

Stock	Stocks Traded	3.30p.m. Price	Change on day	Stock	Stocks Traded	3.30p.m. Price	Change on day
ATT	1,475,100	25⅛	+ ⅛	[illegible]	1,880,500	145½	− 1⅝
Can-Pacif	1,433,800	12⅝	+ ⅛	Motorola	1,868,700	38⅛	− 1⅛
Bankamer	1,484,000	15½	− ⅛	Cons Pwr	1,838,300	11⅜	− ⅜
Portland	1,347,500	30⅛	− ⅛	Ref 3 Cp	863,700	38⅛	− ⅛

Advances 542 Declines 865

TORONTO	June 18	June 17	June 16	June 13	1986 High	1986 Low
Metals & Minls	2,145.9*	2,156.7	2,183.8	−	2,442.85 (21/3)	2,025.3 (2/5)
Composite	243.06*	[illegible]	3,072.2	3,085.0	3,129.11 (18/4)	2,754.8 (17/2)
MONTREAL Portfolio	1,538.58	1,553.25	1,555.51	1,567.3	1,623.33 (18/4)	1,386.6 (22/1)

* Indicates pre-close figure

M.S. Capital Intl. (1/1/70) — 320.8 323.5 321.8 322.2 (21/4) 249.8 (23/1)

** Saturday June 7: Japan Nikkei 16,899.01. TSE 1,311.78.

Base value of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 37

S.F.E. INTERNATIONAL N.V.

U.S. $75,000,000

Guaranteed Floating Rate Notes Due 1991

Guaranteed by

Société Financière Européenne – S.F.E. Luxembourg

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the six months 19th June, 1986 to 19th December, 1986 has been fixed at 7⅜ per cent per annum and that the coupon amount payable on coupon No. 5 on 19th December, 1986 will be U.S.$371.72 per Note of U.S.$10,000 and U.S.$9,292.97 per Note of U.S.$250,000.

The Sumitomo Bank, Limited

(Interest Determination Agent)

OFFSHORE MINING COMPANY LIMITED

U.S.$100,000,000 Guaranteed Floating Rate Notes due 1986

NOTICE OF FINAL REDEMPTION

Noteholders are advised that all outstanding Notes are redeemable at par on 23rd July, 1986 and that interest will cease to accrue on that date.

Notes are payable at:-

S. G. WARBURG & CO. LTD.
Paying Agency, 6th Floor,
1 Finsbury Avenue, London EC2M 2PA

or one of the other paying agents named on the Notes.

The following Notes drawn for redemption on the dates stated below have not yet been presented for payment.

23rd January, 1986

39	43	47	51	55	59
63	67	71	75	79	83
87	91	95	99	103	107
111	115	119	123	127	131
135	391	395	399	403	407
1031	1039	1043	1191	1195	1199
1323	1327	1331	1335	1339	1343
1347	6035	6235	6239	6243	6247
6251	6255	6327	6331	7195	7227
7231	7235	7239	10443	11715	11767
11771	11779	11783	11787	11803	11807
12011	17255	17259	17263	17267	17271
89871	89875	89879	89883	89887	89891
89895	89899	89903	89907	89911	89915
89919	89923	89927	89931	89935	89939
89943	89947	89951	89955	89959	89963
89967					

23rd July, 1985

36	40	44	48	52	56
60	64	68	72	76	80
84	88	92	96	100	104
108	112	116	120	124	128
132	720	1036	1192	1320	1324
1328	1332	1336	1340	1344	1348
6328	6400	7196	7228	7232	7236
7244	7664	11768	11776	11780	11784
11788	11804	11808	12012	89872	89876
89880	89884	89888	89892	89896	89900
89904	89908	89912	89916	89920	89924
89928	89932	89936	89940	89944	89948
89952	89956	89960	89964	89968	

33 King William Street,
London EC4R 9AS

19th June, 1986

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

A.B. Elect	390	+27
Abaco Invs.	67	+ 6½
Authority Inv.	270	+45
Booker McCon	365	+18
British Aero	518	+15
BPCC	292	+24
DRG	304	+12
Dalgety	282	+17
De Beers Defd.	444	+27
Fergusoo (James)	87	+ 7
Geers Gross	85	+ 8
Jaguar	525	+12
Mercury Intl.	730	+25
NatWest Bank	495	+20
Parkland Text	149	+12
Pegler-Hatter	654	+59
Plessey	236	+10
Scapa Group	470	+15
Tesco	367	+12
Tomkins (F.H.)	323	+18
Unigate	298	+13
Valor	268	+19
Wellcome	200	+ 8
Wordplex	68	+ 9

FALLS

Tr. 13½% '04–08	£134⅝	− 1⅛
Ex. 12½% '13–17	£127⅝	− 1
Apricot Computers	57	−12
Hawker Siddeley	575	−14
Stead & Simps. A	90	− 6
Yelverton Inv.	45	− 5

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SCANDINAVIA

Prices at 3pm, June 18

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25¼	12	AAR s	.44	1.9	22	45	23⅞	23⅛	23½	−¼
30	21¾	ADT	.92	3.4		29	27½	27¼	27⅜	
30⅞	11½	AFG s			20	298	u31	30⅝	30¾	+⅛
25⅜	13⅝	AGS			14	206	18½	10½	18½	−1
60⅝	37½	AMR			11	1818	53⅜	52½	52⅞	−½
25¾	18⅝	AMR pf2.18		8.8		1501	24⅞	24⅞	24⅞	
27½	20¼	ANR pf 2.67		11.		10	25½	25⅜	25⅜	−⅛
12½	7⅜	APL			6	121	11¼	11½	11⅛	
16¾	11⅛	ARX	.711	6.5	12	21	13¼	13	13	
51⅝	32¾	ASA	2a	5.9		010	34	33⅝	33¾	+⅛
18⅝	10½	AVX		2.5		1086	12¾	12⅝	12⅝	−⅜
32	22⅜	AZP	2.72	10.	7	1230	27¼	26⅞	27⅛	−⅛
50⅝	25⅜	AbtLb s .84		1.7	24	2189	49⅝	48⅛	48⅝	−1
22	19⅝	AccoWd58		1.9	19	833	29	28⅞	29	−⅛
17¼	10	AcmeC .40		3.1		143	13⅛	12⅞	12⅞	−⅛
9¼	7	AcmeE.32b		4.0	26	4	8	8	8	
20¾	17	AdaEx 1.90e		9.4		64	20½	20¼	20¼	−¼
33⅜	15⅛	AdmMl .40		1.3	14	81	32	31½	31½	−¾
20⅜	10¾	AdvSys.63t		4.7	9	19	17¾	17⅝	17¾	+⅛
32⅞	21⅜	AMD				8232	21¼	d20⅝	21¼	−⅛
12⅝	8¼	Adobe s				7	8⅝	8⅝	8⅝	+½
16⅜	14⅝	Adob pf 1.84		11.		8	16⅛	16½	16⅛	
20¼	15¼	Adob pf 2.40		13.		3	19	18⅞	19	
18⅜	7⅜	Advest .12a		.7	13	123	17⅛	16⅝	16⅞	−¼
66¼	42¼	AetnLf 2.64		4.5	11	7500	58⅛	58	58¾	+⅜
37½	51½	AetL pf4.28e		8.1		2	52⅝	52⅝	52⅝	−⅛
24⅝	9⅝	Ahmns .46		1.9	8	3140	24½	23⅞	24½	+½
9¾	2½	Aileen			158	58	5⅝	5¼	5⅜	−¼
41⅝	25¾	AirPrd s .80		2.1	15	653	60	38⅛	38⅞	−⅛
27¾	18¼	AirbFrt .60		3.0	17	80	20½	30	30	−⅜
2⅛	⅜	AlMoanl.50c				213	17-32	17-32	17-32	+1-32

Continued on Page 37

NYSE COMPOSITE PRICES

Continued from Page 36

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
46¾	27½	PotmEl2.36		5.1	12	864	u46⅛	45⅜	46⅛	+⅛
52½	38¾	PotEl pf4.04		8.4		z400	48	48	48	+¾
35½	15⅞	Premin .40		1.3	23	130	32⅞	31¾	31¾	−⅝
29	18⅞	Prmk s1.10		4.0	11	428	28	27¼	27½	
28	14½	PrimeC			16	5677	18¼	17½	17¾	−⅛
45⅜	22⅛	PrimM s.08		.2	35	277	43⅜	43¼	43½	+⅜
79¾	53⅛	ProctG2.70		3.6	18	1739	75⅞	74⅞	75¾	+⅝
17¼	12	PrdRs s .28		1.8	22	114	16¼	15⅞	15⅞	−⅛
2⅞	1½	PruRC n				206	1½	1½	1½	
8⅝	7⅜	PruRI n.44e		5.8		118	7⅞	7½	7⅝	−⅛
24¼	17⅛	PSvCol 2		11.	12	1138	18⅝	18⅜	18½	
23	19⅝	PSCol pf2.10		9.6		21	21⅞	21⅝	21⅞	+⅛
12⅛	8⅞	PSInd			7	1091	11½	11⅜	11½	
11	6⅝	PSIn pfC				z240	10¼	10¼	10¼	−½
67	42	PSIn pfD				z250	66	63	66	+1
90	54	PSIn pfE				z200	86¼	86¼	86¼	
78⅝	50	PSIn pfF				z140	76½	75½	76½	+1
11⅝	4⅝	PSvNH			3	230	8⅝	8½	8½	−⅛
25⅛	10	PSNH pf				z370	20½	20½	20½	
25½	11⅜	PNH pfB				17	21¾	21¾	21¾	−½
33¼	16⅝	PNH pfC				6	27¼	27	27¼	+⅛
31⅞	12	PNH pfD				8	26	25⅜	25⅜	+⅛
31¾	15¼	PNH pfE				26	25½	25⅜	25½	+⅛
27¾	13	PNH pfF				16	22⅝	22⅝	22⅝	−⅛
28⅞	13½	PNH pfG				1	24½	24½	24½	
37⅛	29½	PSvNM2.92		9.0	10	217	32⅝	32⅜	32⅝	+¼
38⅝	28⅝	PSvEG2.96		8.3	9	977	35⅞	36½	35⅞	+⅛
52	36¼	PSEG pf6.18		9.2		z100	45½	45½	45½	+½
53	36	PSEG pf4.30		8.0		z430	40	48	48	+1
63	43	PSEG pf5.05		9.1		z320	55¾	55¾	55¾	−⅜
25⅞	19	PSEG pf2.17		8.2		19	23⅝	23⅝	23⅝	

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
72¼	45¾	Xerox	3	5.5	13	4385	50⅞	54⅝	54⅞	−1
58¼	53¼	Xerox pf5.45		9.8		1	55⅜	55⅜	55⅜	+⅜
28¾	20⅝	XTRA	.64	2.7		65	23⅞	23⅝	23¾	
17⅞	13½	YorkIH n				155	17⅛	16⅞	17	−⅛
38	28¼	ZaleCp 1.32		3.6		159	36⅝	35⅞	36½	+⅝
10¾	2½	Zapata .03j				185	4¼	4⅛	4⅛	−⅛
64½	37¾	Zayre	.64	.8	26	272	63¾	63	63⅝	+⅛
42½	23⅞	Zayre wi				3	42⅛	42	42⅛	+⅛
17	11⅛	Zemex .40		2.9	14	6	14	14	14	
29⅞	16¼	ZenithE				636	25¼	24⅞	24⅞	−⅛
36⅝	17⅜	ZenLbs.10e		.3	21	569	32½	32¼	32⅜	−⅛
18¼	8⅝	ZenLb wi				67	16½	16¼	16⅜	−⅛
22⅝	14	Zero s	.23	1.8	18	105	18⅝	18	18⅝	+⅛
45¾	32¼	Zurnln 1.32		3.6	12	153	37	36½	36¾	−⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

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AMEX COMPOSITE PRICES

Prices at 3pm, June 18

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 35

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Growth data gnaw at confidence

WORRIES over the sluggish pace of the US economy continued to gnaw at investor confidence on Wall Street stock markets yesterday, *writes Terry Byland in New York.*

Turnover was still moderate, but weakness in the technology sector turned the rest of the manufacturing sector downwards.

A substantial, and unexpected, downward revision of federal estimates of first-quarter GNP growth heightened nervousness in a stock market now bracing itself for the second-quarter corporate reporting season.

But the revised GNP estimates fell on stony ground in the bond market, where prices shaded lower in nervous response to the departure of Mexico's Finance Minister, a crucial figure in the country's debt negotiations with US banks.

At 3pm the Dow Jones industrial average was down 7.44 at 1,858.34.

Some selling was triggered when market indices futures dipped to a discount and traders were nervous ahead of Friday when June contracts on index futures expire.

A spate of selling hit the semiconductor issues after a Morgan Stanley analyst, following up on his firm's recent downgrading of its GNP forecasts for the second half, trimmed earnings estimates for the sector.

This week has brought bearish comments on technology and semiconductor issues from several Wall Street brokerage houses, which have pointed out that the sector is cyclically driven and reflects the outlook for the economy.

Among yesterday's casualties Texas Instruments tumbled $3½ to $119, Motorola $1⅜ to $37⅞ and Advanced Micro Devices $1 to $20¾.

Selling pressure overflowed into other technology sectors. In brisk turnover IBM fell $1⅛ to $145, Honeywell $1¼ to $75⅞ and Burroughs, currently absorbing its $4bn acquisition of Sperry Corp, dipped $1¼ to $60½.

Also weak were many over-the-counter technology stocks. Apple Computer lost $1⅛ to $33⅛ in heavy selling, and Cray Research at $87⅞ gave up $1¾.

US bank stocks, troubled by the new uncertainty in the Mexican debt situation, rallied from early falls after Mr Paul Volcker, the Fed chief, testifying on Capitol Hill, expressed optimism for the debt negotiations. Citicorp showed a net gain of $1⅛ at $45 after opening lower, and similar paths were traced by J. P. Morgan, up $⅛ at $84½, Manufacturers Hanover, down $½ at $50½, and Bankers Trust, $¼ off at $47⅞.

Merck, the pharmaceutical leader, was almost alone among the blue chips to advance, gaining $2⅞ to $102⅞ in thinnish turnover.

General Electric fell $1 to $80¾, McDonnell Douglas $1¼ to $80, General Dynamics $¼ to $78 and Lockheed $1 to $53⅝.

The Detroit car issues followed the market downhill but saw little selling pressure. General Motors dipped $⅞ to $77¾, Ford $¾ to $52⅞ and Chrysler $¼ to $35⅞.

Domestic air carrier stocks drifted lower again, United shedding $¾ to $53¼ and American $⅞ to $52¾. With the outlook for the economy now less sure, there was profit-taking in railroad stocks, which traditionally reflect national business trends. CSX fell $1 to $32¼ and Burlington Northern $½ to $66⅞. Union Pacific, planning a restructuring, eased $⅛ to $55⅛.

The bond market suffered falls of about half a point in the first half of the session but saw little retail selling. At the short end, rates remained steady, with federal funds at 6¾ per cent and the Fed giving liquidity help in the form of $2.5bn of customer repurchases.

LONDON

Financials display strength

A STRONG FINANCIAL sector featured in yesterday's advance in London, and the FT Ordinary index closed 13.9 higher at 1,340.1, making a gain of nearly 40 points in the past five sessions.

Overseas demand boosted banks on reports that the UK authorities could soon ease primary capital regulations. NatWest encountered particularly heavy demand, and the clearer firmed 20p to 495p.

Other features included British Aerospace, 15p ahead at 518p, Jaguar, 12p higher at 525p, and Unigate, 13p firmer at 298p.

In sharp contrast, the scene in gilts was more gloomy with several long-dated issues down a point. Operators pointed to the market's current lack of scope and saw little reason for fresh investment until the authorities had established a new yield structure.

Chief price changes, Page 35; Details, Page 34; Share information service, Pages 32-33

HONG KONG

AN EARLY SURGE in Hong Kong was reversed by sustained profit-taking, and the Hang Seng index managed to finish the half-day session 0.39 higher at 1,114.16.

Swire Pacific was in early demand, particularly from UK investors, and closed 20 cents higher at HK$12.40; Jardine Matheson reversed an early advance to end unchanged at HK$12.80 although Hutchison Whampoa dropped 10 cents to HK$29.20.

Among mixed banks Hang Seng gained 25 cents to HK$35.25, and Bank of East Asia dipped 10 cents to HK$18.50.

Utilities, firm on Tuesday, weakened, with Hongkong Telephone 10 cents cheaper at HK$12 despite its strong profits performance for last year.

AUSTRALIA

STRONGER INDUSTRIALS buoyed Sydney and firmed the All Ordinaries index by 3.4 points to 1,200.6.

BHP moved against the trend again with a 4-cent decline to A$8.84 after an early A$8.88 in thin trading while Elders IXL firmed 12 cents to A$4.60 on speculation that the group would bid A$9.40 a share for BHP.

Adelaide Steamship added a further 40 cents to S$12.40, and Equiticorp Tasman finished 4 cents higher at A$1.72. Bell Resources and its parent Bell Group closed unchanged at A$4.20 and A$9.60, respectively.

SINGAPORE

DOMESTIC INVESTORS triggered a buying spree in Singapore and boosted the Straits Times industrial index 26.85 higher to 746.68.

Brokers reported considerable Central Provident Fund investor activity in trustee stocks while blue chips were sought by domestic and foreign institutions.

DBS was the most active with 1.8m shares traded out of a total session volume of 33.6m. The bank rose 15 cents to S$6.80 while Van der Horst, also active, firmed 4 cents to 69 cents.

SOUTH AFRICA

SUSTAINED local buying combined with a slight recovery in the bullion price to push Johannesburg gold shares higher. Extra strength in the rand failed to have an impact.

Randfontein staged a dramatic R11 jump to R276 while Buffels managed a R1.75 gain to R82 and Free State Consolidated picked up 25 cents to R32.25.

Mining financials, diamonds and platinums shadowed golds with broad gains although some consumer-oriented issues lost ground.

CANADA

LACKLUSTRE trading prompted modest losses in Toronto.

Dome Petroleum was actively traded 2 cents down at C$1.30 after a 6-cent fall on Tuesday amid reports of an expected second-quarter loss.

Industrials gained slightly in Montreal as most other sectors eased.

TOKYO

Buoyancy returns in late rally

A LATE upsurge in domestic demand-related, speculative and high-priced issues drove the Nikkei stock average sharply higher in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The market index rose 101.18 to 17,177.07 on a volume of 900m shares, up from 586m on Tuesday. Advances outpaced declines by 511 to 355, with 135 issues unchanged.

Equities moved within a narrow range in the morning, reflecting concern over precariously high prices and the likelihood of tighter controls on margin trading. The market recovered its buoyancy in the afternoon, with some domestic demand-related, speculative and high-priced stocks rallying strongly.

Low-priced large-capital steels and shipbuildings regained popularity in volume. *Ishikawajima-Harima Heavy Industries* remained the busiest stock with 96.64m shares traded and firmed Y7 to Y257. Some institutional profit-taking forced it as low as Y250.

Nippon Kokan, second-busiest with 88.88m shares, rose Y5 to Y172, Tokyo Gas, third with 45.62m shares, increased Y5 to Y460, and Kawasaki Steel, fourth with 33.26m shares, Y2 to Y186. Sumitomo Chemical added Y8 to Y399.

Lower-grade stocks linked to domestic demand scored sizable advances. Mitsui Real Estate Development jumped Y70 to Y1,800 on foreign buying. Railways with large off-the-book assets strengthened in sympathy, with Sagami Railway surging Y44 to Y680.

Among constructions, Kyowa Densetsu climbed Y70 to Y1,010 and Ohbayashi Y23 to Y613.

High-priced issues surged. Japan Air Lines jumped a maximum Y1,000 to Y10,900, Nippon Television Network Y750 to Y11,450, Kokusai Denshin Denwa Y410 to Y31,210 and Computer Services Y390 to Y7,790.

Buying interest in speculatives revived. Nihon Nosan Kogyo advanced Y55 to Y870 and Tobishima Corporation Y42 to Y763.

Small-capital cash-trading issues were also sought as they are exempt from margin trading restrictions. Sanden Corporation, Nissin Corporation and Daiwa Seikoe soared a maximum Y100 to Y648, Y695 and Y786, respectively. Akai Electric, which is under reconstruction, rose the Y80 limit to Y556.

Cement makers were sought. Nihon Cement was the sixth-busiest with 19.48m shares changing hands and strengthened Y26 to Y635 and Ube Industries Y20 to Y301.

The yield on the bellwether 6.2 per cent government bond due in July 1995 went up slightly from 4.680 to 4.685 per cent. The yield on the 5.1 per cent government bond maturing in March 1996 rose from 4.990 to 5.110 per cent.

EUROPE

Clouded by uncertainty over rates

A CLOUD of interest-rate uncertainty moved across Europe, blocking the sunnier mood in evidence earlier this week.

The surge in **Frankfurt** following the Christian Democrat victory in Lower Saxony proved short-lived as the market resumed trading after Tuesday's holiday.

Prices turned sharply lower as investors, uncertain about the future trend, took profits. The Commerzbank index fell 35.2 to 2,030.6.

Degussa suffered the largest setback among chemicals with a DM 6.50 drop to DM 447, BASF lost DM 6 to DM 294 and Hoechst DM 4 to DM 276, while Bayer rose DM 5.80 to DM 327.80.

Mr Gernot Ernst, president of the Berlin Stock Exchange and partner in the private bank Delbrück and Co, has been elected president of the assembly of eight West German bourses. The reformed bourse working group will become active on July 1.

Daimler-Benz gave up more than its rise on Tuesday, shedding DM 31 to DM 1,412. VW dropped DM 7 to DM 563, but against the trend Porsche advanced DM 12 to DM 1,047 as the dollar firmed and BMW DM 4 to DM 604.

Banking issues came under selling pressure. Dresdner gave up DM 13 to DM 436.50, and at DM 321.20 Commerzbank fell DM 1.80.

Retailer Karstadt lost DM 9 to DM 349, Lufthansa finished steady at DM 208 and Veba, the utility group, closed at DM 292 after falling DM 4.20.

Uncertainty over interest rates kept bond traders on the *sidelines*, and prices barely changed throughout the session. The 10-year 5¾ per cent federal government loan stock eased about 10 basis points to 100.10, and the 6 per cent long bond, set to mature in 2016, declined by a similar amount to 98.95.

The Bundesbank sold DM 59.3m worth of domestic paper

Stockholm also fell prey to profit-takers after Tuesday's higher move. The reaction was, however, felt to be technical, and dealers on the exchange believe the market is still strong.

Saab-Scania attracted most attention on the back of a 1.2 per cent rise in pre-tax profits for the first quarter. The diversified transport group jumped SKr 25 to SKr 825.

Most sectors turned lower as investors contemplated their midsummer festivities and holiday.

Oslo was virtually unchanged as investors digested the revised national budget. Norsk Data added NKr 5 to NKr 228 while Norsk Hydro gained NKr 1 to NKr 163.

Milan dropped sharply, with the stock index ending about 4 per cent lower on the day. Insurers experienced the sharpest declines.

Fiat, which has fallen progressively over the past few sessions, steadied at L12,300 while Generali plummeted L5,025 to L127,975.

Amsterdam was subdued as summer holidays took their toll. Lower economic data and interest-rate uncertainty contributed to the mood.

Akzo dropped Fl 1.50 to Fl 168.50 and Royal Dutch 20 cents to Fl 196.40 while Philips, which has agreed a joint venture with a Hong Kong group to produce car audio equipment in China, lost 10 cents to Fl 54.60.

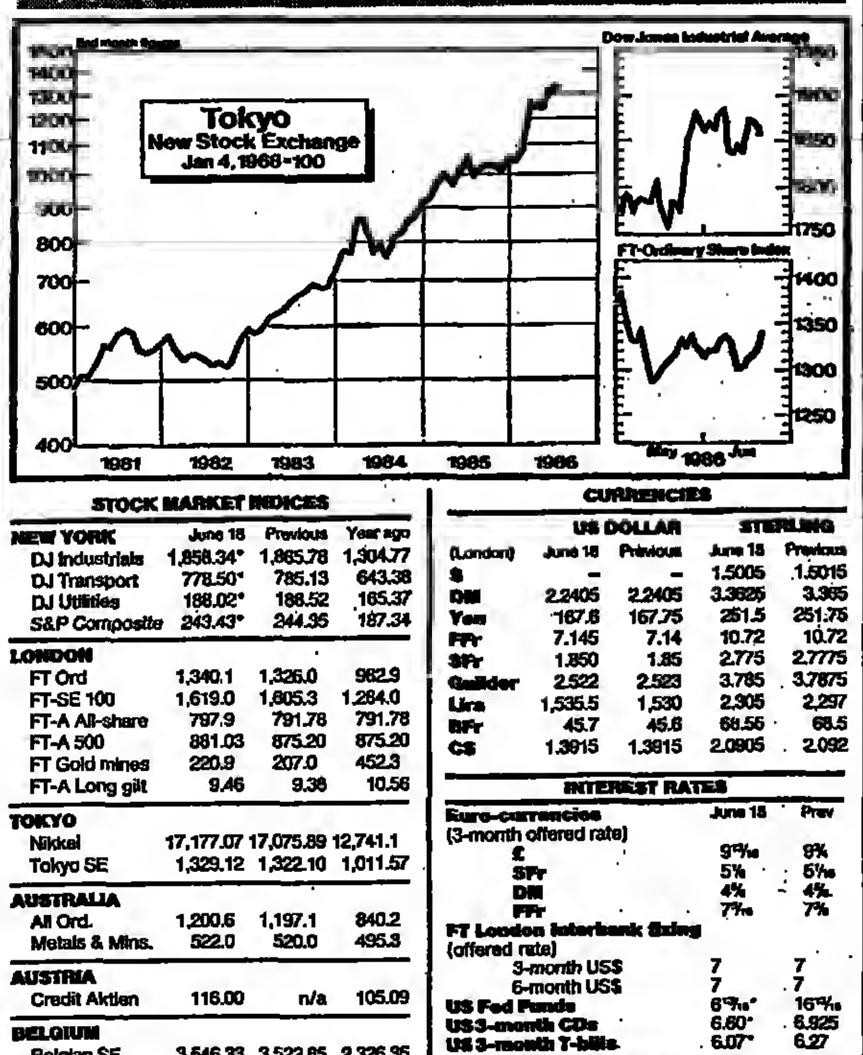
The Dutch Government announced a new 10-year 6¼ per cent bullet bond which might attract the same degree of demand as the Government's first bullet bond launched earlier this year. Most bond prices ended at around the same levels as yesterday, however.

Paris was inhibited by the end-of-month book squaring due on Friday, and prices drifted easier.

Poclain led declining issues, falling 13.9 per cent or FFr 9.05 to FFr 56. Printemps, the department store and supermarket chain, which expects earnings to grow by about 10 per cent this year, edged FFr 3 lower to FFr 523.

Brussels, Zurich and **Madrid** ended higher in active sessions.

KEY MARKET MONITORS



STOCK MARKET INDICES

	June 18	Previous	Year ago
NEW YORK			
DJ Industrials	1,858.34*	1,865.78	1,304.77
DJ Transport	778.50*	785.13	643.38
DJ Utilities	186.02*	186.52	165.37
S&P Composite	243.43*	244.35	187.34
LONDON			
FT Ord	1,340.1	1,326.0	982.9
FT-SE 100	1,619.0	1,605.3	1,284.0
FT-A All-share	797.9	791.78	791.78
FT-A 500	861.03	875.20	875.20
FT Gold mines	220.9	207.0	452.3
FT-A Long gilt	9.46	9.36	10.56
TOKYO			
Nikkei	17,177.07	17,075.89	12,741.1
Tokyo SE	1,329.12	1,322.10	1,011.57
AUSTRALIA			
All Ord.	1,200.6	1,197.1	840.2
Metals & Mins.	522.0	520.0	495.3
AUSTRIA			
Credit Aktien	116.00	n/a	105.09
BELGIUM			
Belgian SE	3,546.33	3,522.85	2,326.35
CANADA			
Toronto			
Metals & Minls	2,146.9*	2,156.7	1,899
Composite	3,063.1*	3,066.0	2,725.4
Montreal			
Portfolio	1,550.58*	1,553.25	133.76
DENMARK			
SE	219.85	221.68	192.65
FRANCE			
CAC Gen	344.60	348.10	223.2
Ind. Tendance	n/a	131.70	81.0
WEST GERMANY			
FAZ-Aktien	675.58	closed	470.02
Commerzbank	2,030.60	closed	1,390.5
HONG KONG			
Hang Seng	1,789.78	1,789.34	1,427.08
ITALY			
Banca Comm.	687.04	717.00	334.20
NETHERLANDS			
ANP-CBS Gen	290.40	291.60	209.8
ANP-CBS Ind	283.50	285.00	175.0
NORWAY			
Oslo SE	360.11	355.81	326.23
SINGAPORE			
Straits Times	746.68	719.83	781.92
SOUTH AFRICA			
JSE Golds	–	1,204.7	1,025.0
JSE Industrials	–	1,118.9	970.9
SPAIN			
Madrid SE	177.98	175.84	78.73
SWEDEN			
J & P	2,447.27	2,451.76	1,313.80
SWITZERLAND			
Swiss Bank Ind	565.20	560.70	434.1
WORLD	June 17	Prev	Year ago
MS Capital Int'l	320.8	323.2	212.1

COMMODITIES

(London)	June 18	Prev
Silver (spot fixing)	337.70p	336.20p
Copper (cash)	£950.5	£945.0
Coffee (September)	£1,857	£1,819
Oil (Brent blend)	$12.15	$12.20

GOLD (per ounce)

	June 18	Prev
London	$339.0	$336.25
Zürich	$339.0	$337.0
Paris (fixing)	$340.70	$338.30
Luxembourg	$338.50	$337.75
New York (Aug)	$340.50	$339.30

CURRENCIES

(London)	US DOLLAR June 18	US DOLLAR Previous	STERLING June 18	STERLING Previous
$	–	–	1.5005	1.5015
DM	2.2405	2.2405	3.3625	3.365
Yen	167.6	167.75	251.5	251.75
FFr	7.145	7.14	10.72	10.72
SFr	1.850	1.85	2.775	2.7775
Guilder	2.522	2.523	3.785	3.7875
Lira	1,535.5	1,530	2,305	2,297
BFr	45.7	45.6	68.56	68.5
C$	1.3915	1.3815	2.0905	2.092

INTEREST RATES

	June 18	Prev
Euro-currencies (3-month offered rate)		
£	9 15/16	9⅞
SFr	5⅛	5 1/16
DM	4⅝	4⅝
FFr	7 7/16	7⅜
FT London Interbank fixing (offered rate)		
3-month US$	7	7
6-month US$	7	7
US Fed Funds	6 13/16*	16 13/16
US 3-month CDs	6.60*	6.925
US 3-month T-bills	6.07*	6.27

US BONDS

Treasury

		June 18 Price	June 18 Yield	Prev Price	Prev Yield
7⅛	1988	100 6/32	7.015	100 4/32	7.052
7⅜	1993	99 4/32	7.50	99 1/32	7.556
7¼	1996	98 20/32	7.573	98 6/32	7.628
7¼	2016	97 20/32	7.44	97 22/32	7.435

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index (June 18*)	Day's change	Yield	Day's change
1–30	150.80	+0.04	7.63	−0.01
1–10	143.87	+0.10	7.44	−0.02
1– 3	135.69	+0.07	7.14	−0.03
3– 5	145.70	+0.06	7.64	−0.01
15–30	175.75	−0.19	8.24	+0.01

Source: Merrill Lynch

Corporate	June 18* Price	June 18* Yield	Prev Price	Prev Yield
AT & T 3⅞ July 1990	89⅝	6.815	89⅝	6.79
SCBT South Central 10⅞ Jan 1993	105½	8.16	105	8.21
Phibro-Sal 6 April 1996	97.2	6.45	96.70	8.50
TRW 8⅞ March 1996	101⅝	8.5	101.28	8.55
Arco 9⅞ March 2016	104	9.38	101⅜	9.7
General Motors 8⅜ April 2016	91⅝	8.93	91.34	8.96
Citicorp 9⅜ March 2016	97½	9.62	97	9.66

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
June	97–05	97–26	97–03	97–14
US Treasury Bills (IMM) $1m points of 100%				
Sept	94.22	94.27	94.17	94.21
Certificates of Deposit (IMM) $1m points of 100%				
June	93.35	93.35	93.35	93.30
LONDON				
Three-month Eurodollar $1m points of 100%				
June	93.27	93.34	93.24	93.23
20-year Notional Gilt £50,000 32nds of 100%				
June	120–22	n/a	n/a	121–18

* Latest available figures